

1993-94 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

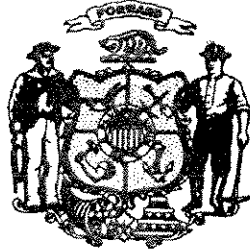
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- 05hrAC-EdR\_RCP\_pt01b
- 05hrAC-EdR\_RCP\_pt02

- Appointments ... Appt
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- Clearinghouse Rules ... CRule
- \*\*
- Committee Hearings ... CH
- \*\*
- Committee Reports ... CR
- \*\*
- Executive Sessions ... ES
- \*\*
- Hearing Records ... HR
- \*\*
- Miscellaneous ... Misc
- 93hrJC-Fi\_Misc\_pt24
- Record of Comm. Proceedings ... RCP
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# State of Wisconsin

SENATE CHAIR  
JOE LEEAN

Room 119 South, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-0751



ASSEMBLY CHAIR  
BARBARA J. LINTON

Room 127 South, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7690

## JOINT COMMITTEE ON FINANCE

February 11, 1994

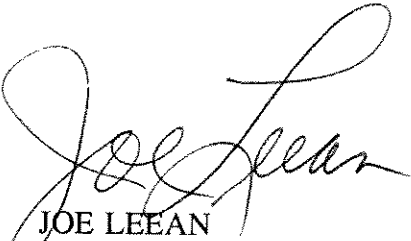
Secretary James R. Klauser  
Department of Administration  
101 East Wilson Street, 10th Floor  
Madison, WI 53702


Dear Secretary Klauser:

On January 24, 1994, your memorandum approving 1.0 PRS position for the Department of Transportation to be funded from the appropriation under s. 20.395(5)(k) and increased funding and positions for telecommunications and data processing services for the Department of Administration to be funded under s. 20.505(1)(ke) was submitted to the Joint Committee on Finance for its approval.

The Co-Chairs have decided that these items should receive further review by the Committee and therefore we will schedule a meeting of the Committee to consider these requests.

Sincerely,

  
JOE LEEAN  
Senate Chair

  
BARBARA J. LINTON  
Assembly Chair

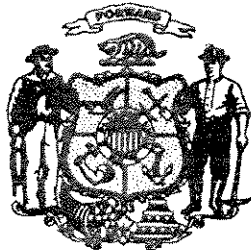
JL/BJL/ns

cc: Members, Joint Committee on Finance  
Bob Lang

# State of Wisconsin

SENATE CHAIR  
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## JOINT COMMITTEE ON FINANCE

January 24, 1994

TO: JOINT COMMITTEE ON FINANCE MEMBERS

FROM: Senator Joe Leean  
Representative Barbara J. Linton  
Co-Chair, Joint Committee on Finance

Attached is a copy of a request from the Department of Administration dated January 24, 1994 pertaining to requests from the Department of Transportation.

Please review this item and notify Senator Leean's office not later than Wednesday, February 9, 1994 if you have any concerns about the requests or would like the Committee to meet formally to consider it.

Also, please contact us if you need additional information.

JL:BJL:ns

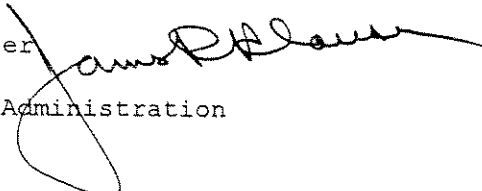
Attachments

**CORRESPONDENCE/MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

Date: Jan. 24, 1994

To: Honorable Joseph Leraan, Co-Chair  
Honorable Barbara J. Linton, Co-Chair

From: James R. Klauser   
Secretary  
Department of Administration

Subject: s. 16.515/16.505(2) Requests

Enclosed are requests which 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>1993-94</u>		<u>1994-95</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
D.O.T. 20.395(5) (dk)	1.0 FTE PR-S Position		1.0		1.0
D.O.A. 20.505(1) (ke)	Telecommunications and D.P. Services	\$ 57,000	2.0	\$ 99,000	2.0

As provided in s. 16.515, this request will be approved on **Feb. 14, 1994** unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Roger Grossman at 266-1072, or the analyst who approved the request in the Division of State Executive Budget and Planning, if you have any additional questions.

Attachments:

# CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN  
Department of Administration

*Date:* January 12, 1994

*To:* James R. Klauser, Secretary  
Department of Administration

*From:* Francine Johnson, Budget Analyst *FJ*  
Division of Executive Budget and Planning

*Subject:* S. 16.505/515 Request for a Communication Engineer in the Division of State Patrol to Coordinate Public Safety Radio Frequency Assignments.

## Request

The Department of Transportation (DOT) requests the creation of 1.0 FTE permanent position to serve the Statewide Public Safety Radio Management Program within the Division of State Patrol, Bureau of Communications. The position will be classified as a Communication Engineer Advance 1, pay range 14-08 with an effective date of February 1, 1994 and will be funded through revenue generated by the program under the public safety radio management appropriation (s. 20.395 (5)(dk)).

## Background

Analysis by the Bureau of Information and Technology Management (BITM) working with the Wisconsin Interagency Committee on Radio Tower Sites (WICORTS), the Information Technology Advisory Board and Evans & Associates (a private consultant) has identified the importance of effective management of state radio towers and the limited public safety radio spectrum. A study produced by Evans & Associates estimates the cost of implementing a hybrid Statewide Public Safety Radio Management Program that combines existing radio facilities and the frequencies of the newer 800 MHz technology could reach \$154,600,000 over a 10 year period. This estimate includes permanent property, supplies and services and salary costs associated with adding channels to some existing systems, evaluating 800 MHz technology, developing a state-owned hybrid trunking system, upgrading to digital technology, and creating a dynamic allocation system. The study's initial recommendations included the creation of two new full-time positions for multi-agency frequency coordination and tower site engineering.

1993 Wisconsin Act 16 (the 1993-95 biennial budget) created the Statewide Public Safety Radio Management Program. The appropriation is administered by DOT and supported by funds from DOT, DNR and the Educational Communications Board (ECB). The budget provided \$164,300 in 1993-94 and \$172,000 in 1994-95 in PR-S expenditure authority with the intent that the functions associated with the program would be contracted. DOT is planning to contract for a Tower Management Engineer and a Database Administrator but does not believe a Frequency Coordinator is suitable for contracting. To date, no monies have been expended from this appropriation.

The program is responsible for providing coordination and long-range planning of the state's radio tower network and public safety radio frequency management and is designed to accomplish the following goals:

- minimize duplication of effort among agencies with regard to capital investment and operational costs for radio towers;
- maintain and coordinate public radio frequency assignments; and
- maintain and manage the recently developed public safety radio database.

Currently, the WICORTS Executive Committee (consisting of representatives from DOA, DOT, DNR, ECB, DOC, DMA and DHSS) is in the initial stages of determining if a Statewide Public Safety Radio System should be established and developing a consensus approach to a Statewide Public Safety Radio Management Program. The committee is in the process of outlining the responsibilities of the participating state agencies. In addition, committee members agreed that 1.0 FTE PR-S position should be established in order to coordinate the assignment of radio frequencies.

#### Analysis

The Department of Transportation is requesting a permanent Communication Engineer position to:

- coordinate public safety frequencies for state agencies;
- coordinate public safety frequencies for other governmental units in the state;
- prepare and file Federal Communications Commission (FCC) license applications for state agencies; and
- respond to FCC and other regulatory bodies on notices of proposed rule making, dockets, etc.

During the past 10 years volunteers have been coordinating frequencies in Wisconsin. However, the time required to complete frequency coordination duties has increased over the years resulting in the inability of a volunteer to thoroughly address all issues. In addition, this approach has not allowed the state to make optimum use of the public safety frequencies or strategically respond to FCC regulations.

This position is not suitable for contracting since coordination of radio frequencies is an on-going state need. Channel interference between different governmental entities will be a recurring issue that will require conflict resolution from an authorized Associated Public Safety Communication Officer's representative. In addition, recent FCC requirements have increased the complexity of knowledge associated with frequency management which will require a lengthy and continual learning process.

A permanent position would provide continuity and take a pro-active management approach to this limited resource. However, since the program is in the development phase a project position authorized through the end of the 1993-95 biennium would be more appropriate. This would allow frequency management to begin while at the same time enable a reevaluation of funding and position needs in the 1995-97 biennial budget.

#### Recommendation

Approve a 1.0 FTE PR-S project position with a termination date of October 1, 1995.

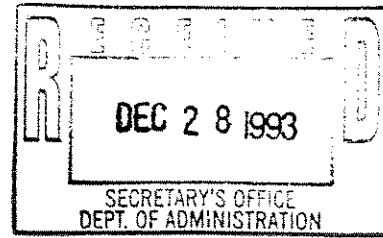
CORRESPONDENCE/MEMORANDUM

State of Wisconsin

Date: December 23, 1993

To: James R. Klauser  
Secretary  
Department of Administration

From: Charles H. Thompson *CH Thompson*  
Secretary  
Department of Transportation



Subject: Program Revenue Funded Frequency Coordinator For Division  
of State Patrol

The department requests the creation of a 1.0 FTE permanent 100% program revenue funded position within the Division of State Patrol, Bureau of Communications. The position should be classified as a Communication Engineer Advance 1, pay range 14-08. Position effective date should be February 1, 1994.

This position will serve the Statewide Public Safety Radio Management Program created under s. 85.12 by 1993 Wisconsin Act 16, the biennial state budget. It is funded through revenue generated by the program under appropriation 20.395 (5) (dk).

One of the program's functions is the provision of radio frequency coordination. This activity entails:

- \* coordinating public safety frequencies for state agencies;
- \* coordinating public safety frequencies for other governmental units in the state;
- \* preparing and filing of Federal Communications Commission (FCC) license applications for state agencies; and
- \* responding to FCC and other regulatory bodies on notices of proposed rule making, dockets, etc.

The radio spectrum is a limited resource and public safety radio is competing with the marketplace for frequency assignments. Repeatedly there have been attempts to auction off the radio spectrum assigned to the public safety area. Such pressures will only increase over time.

In the absence of state coordination, responsibility will migrate to a regional or national level. This has already happened, to varying degrees, with the fire radio service and the forestry conservation radio service and could happen to the services coordinated by Associated Public Safety Communications Officers (APCO), police, local government, and highway maintenance radio services.

In addition, the FCC is currently reallocating the radio spectrum to allow the various separate

sub-bands to become one public safety band. The state must be able to influence frequency management decisions that will shape its future, such as whether state agencies are able to obtain additional radio channels when necessary.

A permanent position is the best option for ensuring that the state properly manages this resource.

- ▶ A position allows the state to take a pro-active management approach to this limited resource, since the coordinator would be dedicated to interfacing with the various frequency regulatory bodies and keeping current on a changing situation.

Currently a volunteer from Dodge County has been coordinating frequencies in Wisconsin for the APCO. But use of a temporary situation, like this volunteer, has not allowed the state to make optimum use of this resource and respond to a changing environment.

- ▶ The position would assure that FCC dockets and notices of proposed rulemaking, which have strategic impact upon public safety radio management in the state, are given the dedicated analysis and response necessary.
- ▶ Recent FCC requirements have increased the complexity of frequency coordination. Because of the complexity of that knowledge and the time needed to learn it, the position should be permanent in order to provide and promote continuity.

Wisconsin is one of the few states in the nation not having a frequency coordinator on staff. Furthermore, all of our neighboring states -- Illinois, Indiana, Iowa, Michigan, Minnesota, and Ohio -- have state staffed frequency coordinators.

cc: F. Johnson                      W. Singletary                      B. Bennett  
D. McGuire                      S. Schnacky                      R. Couey



**CORRESPONDENCE/MEMORANDUM**STATE OF WISCONSIN  
Department of Administration

*Date:* January 19, 1994

*To:* James R. Klauser, Secretary  
Department of Administration

*From:* Michael Heifetz, Policy Analyst  
State Budget Office *MH*

*Subject:* Request under s. 16.505/515 from the Department of Administration for positions to provide technical centralized leasing services and technical expertise regarding regional distance education services.

**REQUEST:**

The Department of Administration (DOA) requests increased PRS expenditure authority of \$57,000 in FY94 and \$99,000 in FY95 under s. 20.505(1)(ke), telecommunications and data processing services, and authorization for 2.0 PRS positions. These positions are requested in the Bureau of Information and Telecommunications Management (BITM) to provide centralized leasing services and technical expertise to a number of consortia providing regional distance education services. Revenues to support these positions will come from financing arrangements reached with the regional consortia.

**BACKGROUND:**

Distance education is the use of telecommunications technology to provide access to education regardless of the locations of the teacher and the student. Newer technologies, such as fiber optics, microwave and satellites offer new opportunities to provide equal access to education for all residents of the state by facilitating interactive instruction and learning.

Distance education services are utilized by K-12 school districts, Cooperative Educational Service Agencies (CESA), Vocational, Technical and Adult Education (VTAE) institutions, independent colleges and universities, libraries and state and local governments. Benefits of distance education include:

- \* the ability to offer classes to schools with limited instructional resources, such as smaller schools in rural areas;
- \* UW system access to state, national and international resources for teaching, public service and faculty research;

- \* improved access to professional development courses for teachers and other professionals;
- \* video teleconferencing for state and local governments;
- \* electronic video and data connections between CESA offices for training and administrative purposes.

All of these benefits will reduce travel time and expenses, increasing the efficiency of our educational system while expanding access for both the student and the teacher.

The Information Technology Advisory Board (ITAB) and the Governor's Blue Ribbon Telecommunications Infrastructure Task Force have studied distance education and have concluded that the state should take the lead in coordinating distance education in order to ensure the interconnectivity of the separate networks and to lower overall costs by taking advantage of economies of scale. The Wisconsin Educational Communications Board (WECB), which currently has the authority to provide leadership and coordinate the development of distance education networks, also supports this request.

BITM has achieved significant savings in the procurement of voice and data services. With this request BITM will have the necessary resources to repeat its previous success with distance education networks.

#### ANALYSIS:

The Department of Administration is requesting expenditure authority of \$57,000 PR in FY94. This includes salary costs of \$30,000 for 1.00 FTE administrative officer and 1.00 FTE program assistant and fringe benefit costs of \$10,000. In addition, the request includes \$2,000 for training and travel expenses, and \$15,000 for supplies and services and permanent property. Ongoing costs of these positions in FY95 and thereafter will be \$99,000 PR.

The duties of the administrative officer position include the following: (1) Managing the distance education planning process; (2) Directing the procurement process, including the negotiation of contracts and the resolution of contract disputes; (3) Monitoring the ongoing performance of the regional networks and recommending improvements; and (4) Establishing and maintaining a billing system for the provision of distance education services. The program assistant position will manage the administrative functions associated with state distance education coordination.

A number of regional consortia have already been formed. However, these consortia do not have the technical expertise regarding the telecommunications market, or volume purchasing power. This has resulted in contract prices that have been higher than necessary. For example, one consortium of seven K-12 districts is being charged 11% interest on a contract that still has eight years remaining.

James R. Klauser, Secretary

January 13, 1994

Page 3

As a result, many of these regional organizations, representing UW campuses, CESA districts, VTAE districts and K-12 districts are requesting that BITM act as the fiscal agent for these networks (please see attached correspondence). In addition, the heads of DOA, VTAE, DPI, UW-Extension and WECB participated in a discussion panel, and reached the same conclusion.

Furthermore, in situations where regional groups have proceeded independently, they have transferred their voice and data traffic off the State Telephone System (STS) and the Consolidated Network (CDN). If this continues, remaining STS and CDN users may see a rate increase due to the reduced buying power of fewer users.

Permitting regional groups to pursue their own distance education projects will result in higher overall costs and the proliferation of networks that are unable to work together towards the goal of expanding educational opportunities. A single fiscal agent housed within BITM will be able to achieve savings through consolidated purchasing power while laying the groundwork for a completely integrated system. As a result the state will maximize the opportunities for expanding educational access across the entire state.

It is important that this request be approved now in order to maximize the opportunity for savings and to ensure that the groundwork is laid for a coordinated system.

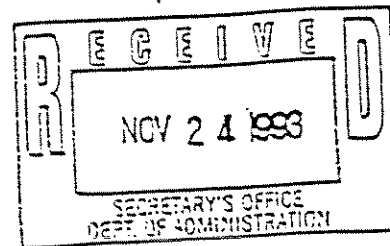
**RECOMMENDATION:**

Approve the request.



*Hestz*

November 19, 1993



Mr. James R. Klauser, Secretary  
Department of Administration  
101 East Wilson Street  
Madison, WI 53707

Dear Jim:

As this agency continues to work with school districts, technical colleges and university campuses on the implementation of distance education, we are particularly pleased that the Department of Administration has been willing to assist local school districts and colleges with the acquisition of fiber optic lines through your master leasing program.

I know that your staff has taken on additional work to assist in this area, and I want you to know that we appreciate that very much. As I have been out with educators around the state in the past two to three months, they have been particularly pleased with the leadership that this agency and DOA are taking in assisting with the implementation of their distance education plans.

Again, thank you very much to you and your staff.

Sincerely,

Glenn A. Davison  
Executive Director

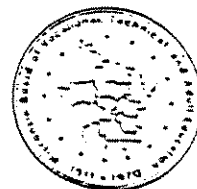
Wisconsin Board of Vocational, Technical and Adult Education

310 Price Place

P.O. Box 7874

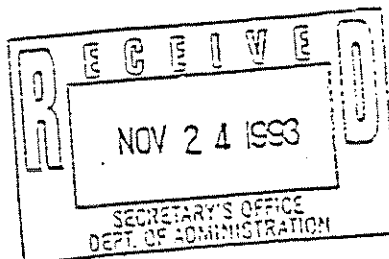
Madison, WI 53707

608-266-1207



Dwight A. York  
State Director

November 23, 1993



James Klauser, Secretary  
Department of Administration  
101 East Wilson Street, 10th Floor  
Madison, WI 53708

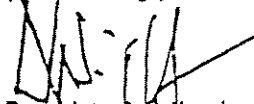
Dear Secretary Klauser:

May I take a moment to express, on behalf of the Technical College System, our thanks for all the assistance being provided by Department of Administration staff in the area of telecommunications infrastructure development. In particular, DOA staff have been instrumental in negotiating excellent leasing contracts with telephone companies for fiber optic connections among educational institutions in the WONDER network.

This service provides schools with greatly expanded telecommunications capability at a competitive price. In addition, issues of compatibility of hardware and software and connectivity are effectively addressed. DOA is to be applauded for its assistance.

In the months ahead many more communities, public agencies, schools and businesses will be looking to be incorporated into telecommunications networks. With that in mind, may I express my complete support for a DOA proposal to increase its staff complement working in this program. The security and efficiency provided by DOA expertise are greatly valued.

Sincerely,

  
Dwight A. York  
State Director

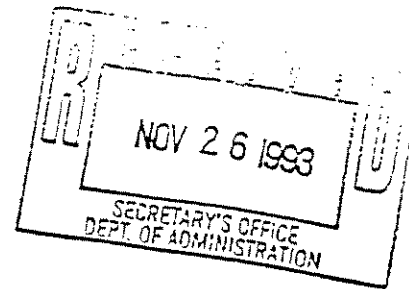
DAY:DJJ



WESTERN  
WISCONSIN  
TECHNICAL  
COLLEGE

LA CROSSE  
BLACK RIVER FALLS  
INDEPENDENCE  
MAUSTON  
TOMAH  
VIROQUA

LEE RASCH, Ed.D.  
President/  
District Director



November 23, 1993

James R. Klauser  
Secretary  
State of Wisconsin  
Department of Administration  
P.O. Box 7864  
Madison, WI 53707-7864

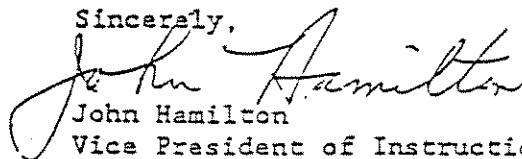
Dear Secretary Klauser,

Western Wisconsin Technical College is very pleased that the Department of Administration will be assisting the college to license fiber optic lines for distance education and administrative purposes. The assistance of the DOA is particularly helpful to Western Wisconsin as it greatly improves the cost effectiveness of distance education, thereby enabling WWTC to expand educational opportunities to the rural areas of the district in support of work force development and technology transfer.

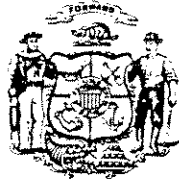
The assistance of the DOA is critical in order to build a first class distance education system that meets our local needs and assures connectibility to other regional and state systems in the future. The college does understand that this assistance places an additional workload demand on the DOA.

WWTC very much appreciates the DOA's willingness to take this needed leadership.

Sincerely,

  
John Hamilton  
Vice President of Instruction

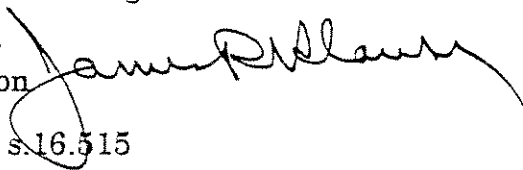
/ds



TOMMY G. THOMPSON  
GOVERNOR  
JAMES R. KLAUSER  
SECRETARY

Date: January 13, 1994

To: Richard Chandler, Administrator  
State Executive Budget and Planning

From: James R. Klauser, Secretary  
Department of Administration 

Subject: Request Under s.16.505 and s.16.515

### REQUEST

Under the provisions of s.16.505 and s.16.515, the department requests 2.00 permanent FTE and \$99,000 PR-S expenditure authority annually for the Bureau of Information and Telecommunications Management (BITM). The positions will provide centralized leasing services and technical expertise to a number of consortia providing regional distance education services. The funding of these positions will be from the financing arrangements reached with the regional consortia. Funding is \$57,000 in FY94 and \$99,000 in FY95 from the appropriation under 20.505 (1) (ke).

### BACKGROUND

Distance education is the use of telecommunications technology to provide access to education regardless of the location of the teacher and student. Statewide public radio and television have long been used to bring educational programming to all areas of the state. Newer technologies such as fiber optics, microwave and satellites are presenting opportunities to provide true equal access to education for all residents of the state by facilitating two-way, interactive instruction and learning.

Users of distance education services include K-12 school districts, CESA offices, VTAE institutions, the University of Wisconsin system, independent colleges and universities, libraries, and state and local governments. Some of the benefits of distance education include:

- The ability to offer courses to schools that have limited instructional resources, such as smaller schools in rural areas.
- Improved access to professional development courses for teachers and other professionals.
- Access to library databases and other data networks.

- Video teleconferencing for state and local governments, reducing time and money spent on traveling to meetings.
- UW system access to state, national, and international resources for faculty research, teaching, communication, and public service.
- Electronic video and data connections between CESA offices for training and administrative purposes.

*Studies.* This request is the result of a number of studies that addressed the issue of regional distance education services:

- The Information Technology Advisory Board (ITAB) study report of November 1990 concluded that the best option for the state to pursue regarding distance education was to encourage the development of regional educational networks. In the future, the state would interconnect all of the networks. Meanwhile, the state would have responsibility for setting standards so that eventual interconnection would be possible.
- The Educational Communications Board subsequently commissioned the Distance Education Technology Study. The study was conducted by Evans and Associates during the period February 1992 through June 1993. Their final report echoed the ITAB recommendation for the development of regional networks, with the state responsible for developing an overlay network for interconnection. The Evans study also discussed the need for the state to provide centralized leasing services and technical expertise as part of this endeavor.
- The Governor's Blue Ribbon Telecommunications Infrastructure Task Force was formed in 1993 to make recommendations to ensure that the state's telecommunications infrastructure could meet the needs of citizens and business. The November 1993 report supports the idea of regional distance education networks and the state's role in aggregating usage to encourage economies of scale and lower overall costs.

## JUSTIFICATION

As regional networks have begun to emerge, it has become evident that the state must play a critical role in their effort. In most cases, the regional consortia lack technical expertise, volume purchasing power, and sophistication about the telecommunications market. This has translated into less than optimal contract prices and terms for these networks. As an example, one consortium of seven K-12 districts is paying a finance charge of over 11% on a contract that has eight years remaining.

If this request is approved, savings would accrue to both the school districts and the State as a result of the aggregated purchasing power of STS, CDN, and the regional consortia. Our experience with the State Telephone System (STS) and the Consolidated Data Network (CDN) has shown that when traffic is aggregated, not only are there operating efficiencies, but the state as a customer has much more leverage with vendors than do individual users.



BITM can take advantage of competitive procurement while regional networks on their own typically negotiate with only one vendor. There are also cases in which BITM is eligible for an 8% discount on certain lines because the state is such a large customer.

Furthermore, we have seen that where regional consortia have purchased their own bandwidth independently of DOA, they have moved voice and data traffic off STS and CDN onto other networks. The implications for remaining STS and CDN users are that the advantages of consolidation are lost and in the long run, costs will be higher than they would be with a broader base of users.

A growing number of these regional organizations, representing UW campuses, CESA districts, VTAE districts, and specific K-12 districts are requesting that BITM act as the fiscal agent for these networks. For example, Western Wisconsin Technical College has submitted a formal request for this service. CESA-2 and a group of K-12 districts in western Wisconsin have approached BITM inquiring about this service. At a distance education conference in Appleton on October 13-14, the heads of DOA, VTAE, DPI, UW-Extension, and ECB participated in a panel that discussed the regional networks and agreed that DOA should take the responsibility of acting as their fiscal agent. This represents a significant and important opportunity for the state. Not only can local savings be achieved, but we can plan for a completely integrated statewide network that makes maximum use of bandwidth for all types of traffic. The department has received letters from various members of the educational community endorsing the need for DOA to provide this centralized leasing function.

## ANALYSIS

*Projected Workload.* There are currently 20 distance education projects underway in the state. The existing staff level in BITM is not sufficient to absorb the new duties that will be associated with this effort. In order to handle the workload, one permanent Administrative Officer position and one permanent Program Assistant position, along with associated expenditure authority, are being requested. Some of the responsibilities of these positions will be:

### *Planning*

- Meet regularly with regional network staff to determine distance education needs.
- Develop policies and procedures for regional networks to follow in planning for distance education.
- Review technical suitability of regional plans and approve or make recommendations to ensure statewide compatibility.
- Develop and update a statewide plan for the establishment, coordination, and maintenance of regional distance education networks.
- Research and analyze current technologies on an ongoing basis to determine their applicability to statewide plans and acquisitions.
- Provide consultation and planning assistance to regional networks.

#### *Leasing/Contracts*

- Direct the procurement process, including the development of specifications, writing Requests for Proposals, recommending proposal evaluation methodologies, and negotiating contracts for the establishment of regional distance education networks.
- Negotiate and resolve contractual disputes.

#### *Operations*

- Monitor ongoing performance of regional networks and recommend improvements.
- Coordinate regional distance education networks with other statewide voice, data, and video networks as feasible and desirable.

#### *Billing*

- Establish and maintain billing system for provision of distance education services.
- Provide monthly billing to regional distance education network customers.
- Investigate and resolve billing questions.
- Provide program support to Distance Education manager.

*Funding.* The costs of these positions will be built into the financing arrangements reached with each of these regional consortia. Funding will be in BITM's appropriation under 20.505 (1) (ke). Once statewide costs for these networks can be estimated with some accuracy, additional expenditure authority may be requested.

To the extent possible, the state's master lease program may be used to provide for the lowest available financing. It is difficult at this point to estimate overall savings to the state. Using the consortia of seven K-12 districts mentioned previously as an example, they are paying financing charges of over 11% annually on an estimated \$1.2 million worth of services. If they could have financed at 5% through the state's buying power, savings of approximately \$50,000 per year could have been realized. With twenty such projects of this type underway in the state, the cost of these two positions should easily be more than offset by anticipated savings.

### ALTERNATIVES

1. Continue to have each of the regional organizations negotiate for and build their own networks without statewide standards. This approach would lead to regional networks that would be able to communicate with each other only with great difficulty and at great expense. In addition, the regional organizations would not be able to negotiate the best terms for their networks and overall long-term costs at both the state and local level would be greater than under a centralized fiscal arrangement. The regional networks have indicated that they will support these positions at the state level.

2. Contract this function to a consultant. This option would make it more difficult to integrate distance education networks with the work currently done by DOA/BITM staff on existing voice, data, and video networks. In addition, the aggregated purchasing power of the state may not be as apparent.

3. Request these positions through the FY95-97 biennial budget. Under this alternative, the opportunity to realize savings from the networks now being established would be lost. Technological and market forces are causing the creation of these networks now, and we cannot wait for the next biennial budget cycle to reap these savings.

BUDGET BASIS

	<u>FY94 (6 mo)</u>	<u>FY95</u>
Salary	\$30,000	\$60,000
Fringe	10,000	20,000
Training/Travel	2,000	4,000
Supplies/Service	5,000	10,000
Permanent Property	<u>10,000</u>	<u>5,000</u>
Total	\$57,000	\$99,000

cc: Kathy Hertz  
Linda Seemeyer

**CORRESPONDENCE/MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

*Date:* Jan. 15, 1993

*To:* Honorable Gary R. George, Co-Chair  
Honorable Barbara J. Linton, Co-Chair

*From:* James R. Klauser  
Secretary  
Department of Administration

*Subject:* s. 16.515/16.505(2) Requests

Enclosed are requests which 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>1991-92</u>		<u>1992-93</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
D.O.A. 20.505(2)(ki)	Risk Management Administration			\$ 39,300	1.0*

\* Project position.

As provided in s. 16.515, this request will be approved on Feb. 8, 1993 unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Roger Grossman at 266-1072, or the analyst who approved the request in the Division of State Executive Budget and Planning, if you have any additional questions.

Attachments:

**CORRESPONDENCE/MEMORANDUM**STATE OF WISCONSIN  
Department of Administration

*Date:* January 13, 1993

*To:* James R. Klauser, Secretary  
Department of Administration

*From:* Michael G. Heifetz, Policy and Budget Analyst  
State Budget Office

*Subject:* s. 16.505/515 Request from the Department of Administration

**Request:**

The Department of Administration requests the creation of 1.00 FTE permanent attorney position and expenditure authority of \$47,600 (PRS) for FY93 in appropriation 20.505(2) (ki), Risk Management Administration. This position will administer legal and financial issues related to the state's potential liability as a hazardous waste contributor to a number of landfills and hazardous waste sites that are currently creating or have the potential to create environmental problems.

**Background:**

In 1980, Congress enacted the Comprehensive Environmental Response, Compensations and Liability Act (CERCLA), also known as the "Superfund". This act is intended to provide emergency response and cleanup funds for hazardous substances that are released into the environment and for cleanup of inactive hazardous waste sites where there is post closure liability.

In addition, CERCLA authorizes the federal government to recover the costs of cleanup from responsible parties. The definition of a potentially responsible party (PRP) includes any person who arranged for the disposal, treatment or transportation of hazardous substances. Parties determined to be PRP's are subject to a very strict standard of liability. Under CERCLA, a party can be held liable even if there is no proof of negligence and the party acted legally when disposing of waste in the past. In addition, parties can be held liable for more than their share if other parties are not identified or are unable to pay.

There are 39 sites in Wisconsin which have been designated as Superfund sites by the Environmental Protection Agency (EPA) and an additional 160 sites have been identified as problem sites. Already, eight state agencies have been identified as possible contributors at those sites currently creating environmental problems. Those agencies named as PRP's are required to work with the EPA and the Wisconsin Department of Natural Resources (DNR) to develop a remediation plan.

**Analysis:**

The Department of Administration is requesting the immediate creation of a full-time permanent attorney position to coordinate interagency efforts in remediating CERCLA issues. There has already been one case settled for \$100,000 and another case is pending. The caseload is expected to rise dramatically within the next six months and continue for at least the next four years as enforcement at the federal level increases. A four year project position is more appropriate since it is uncertain exactly how large the caseload will be or how long it will last. Converting the position to permanent status is an option that should be explored when

the overall picture becomes clearer. It is important to note that more than one agency can be named as a PRP for the same site. The coordination of interagency legal defense in this position would eliminate duplication of legal services at individual state agencies and provide the state with a position devoted entirely to this socially and financially important issue.

Currently, the State Bureau of Risk Management within the Division of Finance and Program Management administers the state's risk management program, which is responsible for payments under CERCLA. The bureau is staffed with six positions, including the State Risk Manager and subordinate staff who focus on worker's compensation, property and liability cases. However, none of the current staff is an attorney or has experience in environmental law and CERCLA.

In some cases, the cost of remediation will be low. In others, the cost of remediation could reach millions of dollars. Since parties can be held liable for more than their share of the costs of remediation, the state will be a prime target in the immediate future and beyond due to its "deep pockets". Without a coordinated defense, costs to the state and consequently to the taxpayers of Wisconsin will be high.

This position is appropriately located within the Department of Administration (DOA) for two reasons. First, DOA is responsible for state risk management and this clearly is a risk management issue. DOA is also the coordinating agency for many similar areas. Second, there is no other appropriate home for this position. The Department of Justice (DOJ) represents the Department of Natural Resources (DNR) in these cases, therefore DOJ would have a conflict of interest if the position were to be placed there. The position will consult with DOJ when appropriate, however. The DNR would be inappropriate for this position because the DNR is often the prosecutor in these cases.

The Department of Administration is requesting expenditure authority of \$66,400 for salary and fringe benefits, \$15,300 for supplies and services and one-time costs for office setup of \$6,200. The annualized cost of this position is \$81,700. Costs for the remaining six months of FY93 are \$41,400, plus the office setup costs. The supplies and services can be reduced from \$15,300 annually to \$8,800 with reductions in travel and contractual services. Contractual services funds should be placed in analloted reserve to be released as needed and appropriate. One-time costs of office setup can be reduced from \$6,200 to \$1,700 since a computer is available to this position if desired, without purchasing new equipment.

**Recommendation:**

Approve creation of a four year 1.00 FTE project attorney position and expenditure authority of \$39,300 PRS (\$33,200 for salary and fringe benefits, \$4,400 for supplies and services and \$1,700 for one-time office setup) in appropriation 20.505(2)(ki) to coordinate interagency legal services relating specifically to environmental (CERCLA) liability. The annualized cost of this position and supplies and services is \$75,200.



TOMMY G. THOMPSON  
GOVERNOR  
JAMES R. KLAUSER  
SECRETARY

DATE: December 28, 1992

TO: Richard Chandler, Administrator  
Executive Budget & Planning Division

FROM: James R. Klauser, Secretary *James R. Klauser*

SUBJECT: Request of the Department of Administration  
under s. 16.505, Wis. Stats.

#### Request

Under the provisions of s. 16.505, Wis. Stats., the Department proposes the creation of 1.00 FTE permanent attorney position and expenditure of \$47,600 (PRS) in FY 93 funded under s. 20.505 (2)(ki), Wis. Stats. This position will administer issues relating to the state's potential liability as a hazardous waste contributor to a number of old landfills and hazardous waste sites that are currently creating or have the potential to create environmental problems.

#### Background

In 1980, Congress adopted the Comprehensive Environmental Response, Compensations and Liability Act (CERCLA), commonly referred to as the "Superfund." This legislative action, along with other federal and state legislative enactments, regulates the remedial action required to clean up old landfills and hazardous waste sites. CERCLA was enacted with the intent of providing emergency response and clean-up funds for hazardous substances that are released into the environment and for clean up of inactive hazardous waste disposal sites where there is a post-closure liability. It authorizes the federal government to recover costs from responsible parties.

Under the CERCLA legislation, there are four potentially responsible groups. One of these is:

"[A]ny person who by contract, agreement, or otherwise arranged for disposal or treatment, or arranged with a transporter for transport for disposal or treatment, of hazardous substances owned or possessed by such person, by any other party or entity, at any facility owned or operated by another party or entity and containing such hazardous substances." 42 USC 9607(a)(3).

Richard Chandler, Administrator  
December 28, 1992  
Page 2

These groups are subject to liability based on strict liability, joint and several liability and retroactive liability. Under these doctrines, a party can be held liable although negligence was not proved, one party can be held liable for greater than its share if other polluters are not identified or unable to pay and parties can be held liable even if they disposed of waste legally in the past.

The state and its agencies operate in all parts of Wisconsin. The University of Wisconsin System has 2-year and 4-year campuses located throughout the state. The Department of Natural Resources has parks, fisheries and other operations. The Department of Transportation has district offices. The Departments of Health & Social Services and Corrections have institutions and the Department of Military Affairs has armories located throughout the state. These agencies have deposited waste in landfills operated by local governments or the private sector, some of which have been found to be leaking hazardous waste. There are 39 sites in Wisconsin designated as Superfund sites by the Environmental Protection Agency and another 160 sites identified as problems.

Eight state agencies have been identified as possible contributors at sites that are currently creating environmental problems. Agencies named as Potentially Responsible Parties ("PRP's") are responsible for working with the federal Environmental Protection Agency, the Wisconsin Department of Natural Resources and other PRP's to develop a remediation plan.

#### Costs of Remediation

In some cases, the potential financial cost to an agency named as a PRP is minor. In other cases, the costs for clean-up of a certain site will cost state agencies millions of dollars. The costs assessed to a PRP depends upon the amount of hazardous waste disposed of, the cost to remediate the problem and the potential of collecting funds from other PRP's.



Richard Chandler, Administrator  
December 28, 1992  
Page 3

Just as important is providing agencies with legal representation in connection with PRP notices. In many cases, the remediation effort at a given site will be directed by a major PRP attempting to involve as many PRP's as possible. State agencies have a right and an obligation to avoid contributing more than their fair share, which is likely as the state agencies are targeted as "deep pockets" in remediation efforts.

### Proposal

The department proposes the immediate creation of a permanent full-time attorney position to coordinate interagency efforts in remediating landfill issues. It is critical to dedicate a full-time position to this task since the negotiation workload will increase dramatically in the near term.

In the past, most state agencies have represented themselves in such actions although they do not have the legal expertise in environmental law. Quite often, more than one state agency is named as a PRP at a site but a legal defense is not coordinated since each agency is self-represented. An attorney position in the Department of Administration is requested to provide coordinated environmental legal services to and across the state agencies that are named as PRP's.

Currently, the Bureau of Risk Management in the Division of Finance & Program Management employs six professional staff to administer the state's risk management program. This includes the State Risk Manager and subordinate staff who focus on worker's compensation, property and liability cases.

None of the current staff, however, is an attorney or has expertise in CERCLA or environmental law. Furthermore, PRP's which have been contributors of hazardous waste at these sites are typically represented by legal counsel. Therefore, in order to provide expertise in environmental law and adequate representation when negotiating settlements with PRP's and in order to minimize future costs, the state risk management program needs to employ an attorney as soon as possible. If this problem is allowed to continue to languish, the future costs will be significantly greater than if immediate action is taken to address this problem.

Richard Chandler, Administrator  
December 28, 1992  
Page 4

The Department of Justice provides legal support to the State Risk Management program in routine liability matters. However, that office lacks full-time dedicated resources to research and manage environmental liability issues of this nature. The Department of Natural Resources carries program responsibility for state enforcement of environmental laws and would have a conflict of interest in providing their legal expertise to state agencies. Since the Department of Administration has program responsibility for statewide risk management, it is the logical place to establish this specialized legal function. It is the Department's intent to consult with the Department of Justice whenever it is necessary and appropriate.

Summary

Create 1.00 PR-S attorney position and authorize expenditure of \$47,600 PRS in FY 93 from the appropriation under s. 20.505 (2)(ki). The annual expenditure level implicit in this request is \$81,700 beginning in FY 94. (See attachment for budget detail).

Hazardous Waste Attorney

	FY93 6 months	Base Increase	
Attorney 14 @ \$24/hr.	25,050	50,100	
Fringe @ 32.59%	8,150	16,300	
Space	1,000	2,000	
Travel out of state (3 trips)	2,000	3,000	(A)
Travel in-state and training	1,000	2,000	(B)
Subscriptions, dues & memberships	500	1,000	
Phone, mailing, printing	250	500	
Supplies (including software upgrades)	400	800	
Contractual services	<u>3,000</u>	<u>6,000</u>	(C)
TOTAL	41,350	81,700	
Office set up:			
PC, software and LAN connection	4,500		(D)
Chair & misc. equipment	700		
Law library & reference materials	1,000		
TOTAL	<u>6,200</u>		
Combined budget	47,550	81,700	

Budget Notes:

A. Several named sites are located out-of-state such as Groce Laboratories in South Carolina. The budget assumes 2 trips per year to confer with EPA officials in Washington DC. and 1 site visit to negotiate with other named responsible parties.

B. Wisconsin currently has 200 identified problem sites of which 39 have been placed on the national priority list. The budget assumes extensive in-state travel to coordinate with other responsible parties to engage in voluntary clean-up efforts and to defend claims against state agencies.

C. This is an estimate for specialized assistance such as expert witnesses to assist in defending state agencies. Since the Justice Department represents the DNR, it is not appropriate to use Justice funds for this purpose.

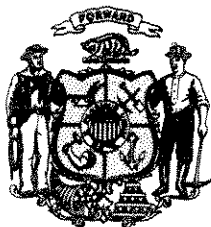
D. This will be a laptop PC with a LAN connection in the office.

# State of Wisconsin

SENATE CHAIR

**GARY R. GEORGE**

Room 119 South  
State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-2500



ASSEMBLY CHAIR

**BARBARA J. LINTON**

Room 127 South  
State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7690

## JOINT COMMITTEE ON FINANCE

January 15, 1993

TO: JOINT COMMITTEE ON FINANCE MEMBERS

FROM: Senator Gary R. George  
Representative Barbara J. Linton  
Co-Chair, Joint Committee on Finance

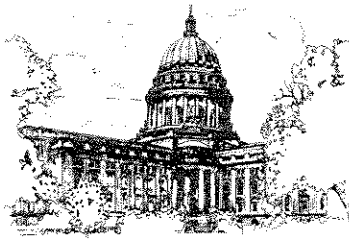
Attached is a copy of a request from the Department of Administration dated January 15, 1993, under s. 16.515/16.505(2) of the statutes.

Please review this item and notify our office not later than Friday, February 5, 1993, if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need additional information.

GRG:BJL:lmr

Attachments



**Charles J. Chvala**  
**State Senator**

January 27, 1993

Senator Gary George  
Senate Chair  
Joint Committee on Finance  
State Capitol -- Rm 115 South

Representative Barbara Linton  
Assembly Chair  
Joint Committee on Finance  
State Capitol -- Rm 115 South

Dear Senator George and Representative Linton:

I would like to object to the Department of Administration's request under s. 16.515 for the creation of 1.00 FTE permanent attorney position and expenditure authority of \$47,000 (PRS) for FY93 in the appropriation for Risk Management Administration. I also request that the committee meet formally to consider my objection.

Thank you for your consideration of my request. Please do not hesitate to contact me, or Jeff Simmons of my staff, if you would like to discuss this matter further.

Sincerely,

CHARLES J. CHVALA  
Assistant Majority Leader

CJC/jas

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin



Mailing address:  
Post Office Box 7864  
Madison, WI 53707-7864

TOMMY G. THOMPSON  
GOVERNOR  
JAMES R. KLAUSER  
SECRETARY

March 5, 1993

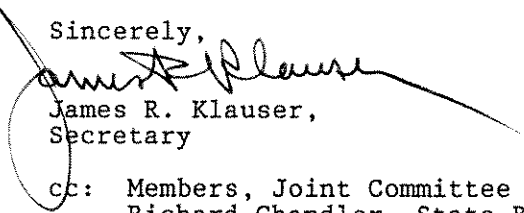
Senator Gary R. George, Co-Chair  
Representative Barbara J. Linton, Co-Chair  
Joint Committee on Finance  
Room 119 South  
State Capitol  
Madison, WI 53707

Dear Senator George and Representative Linton:

We sent a s.16.505/16.515 request to you on January 15, 1993 relating to a funding increase and additional position authorization for risk management administration in the Department of Administration. You later responded that an objection to this request had been raised and that a meeting of the Committee would be scheduled to discuss this request. The meeting would be the March 11 s.13.10 meeting.

I am now writing to inform you that the Department of Administration is deferring the request at this time until we have further reviewed the state risk management situation. I will notify you of how we expect to proceed as soon as possible. Thank you.

Sincerely,

  
James R. Klauser,  
Secretary

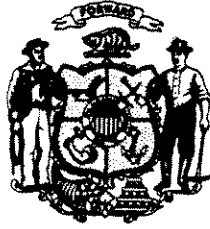
cc: Members, Joint Committee on Finance  
Richard Chandler, State Budget Office  
Pam Wegner, Division of Finance and Program Management  
Linda Seemeyer, Division of Administrative Services

# State of Wisconsin

SENATE CHAIR

GARY R. GEORGE

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Madison, WI 53707-7882  
Phone: 266-2500



ASSEMBLY CHAIR

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State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7690

## JOINT COMMITTEE ON FINANCE

February 5, 1993

Secretary James R. Klauser  
Department of Administration  
110 East Wilson Street  
Madison, WI 53702

Dear Secretary Klauser:

On January 15, 1993, a s. 16.505/16.515 request relating to a funding increase and additional position authorization for risk management administration in the Department of Administration was forwarded to the Joint Committee on Finance for approval.

This is to inform you that there is objection to this request and that therefore the Co-Chairs will schedule a meeting of the Committee to consider this request.

A handwritten signature in cursive script that reads "Gary R. George".

GARY R. GEORGE  
Senate Chair

Sincerely,

A handwritten signature in cursive script that reads "Barbara J. Linton".

BARBARA J. LINTON  
Assembly Chair

GRG/BJL/lmr

cc: Members  
Joint Committee on Finance

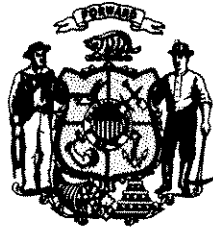


# State of Wisconsin

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P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7690

## JOINT COMMITTEE ON FINANCE

February 5, 1993

Secretary James R. Klauser  
Department of Administration  
110 East Wilson Street  
Madison, WI 53702

Dear Secretary Klauser:

On January 15, 1993, a s. 16.505/16.515 request relating to a funding increase and additional position authorization for risk management administration in the Department of Administration was forwarded to the Joint Committee on Finance for approval.

This is to inform you that there is objection to this request and that therefore the Co-Chairs will schedule a meeting of the Committee to consider this request.

A handwritten signature in cursive script that reads "Gary R. George".

GARY R. GEORGE  
Senate Chair

Sincerely,

A handwritten signature in cursive script that reads "Barbara J. Linton".

BARBARA J. LINTON  
Assembly Chair

GRG/BJL/lmr

cc: Members  
Joint Committee on Finance