

1995-96 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR\_RCP\_pt01a
- 05hrAC-EdR\_RCP\_pt01b
- 05hrAC-EdR\_RCP\_pt02

➤ Appointments ... Appt

➤ \*\*

➤ Clearinghouse Rules ... CRule

➤ \*\*

➤ Committee Hearings ... CH

➤ \*\*

➤ Committee Reports ... CR

➤ \*\*

➤ Executive Sessions ... ES

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➤ Hearing Records ... HR

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➤ Miscellaneous ... Misc

➤ 95hrJC-Fi\_Misc\_pt25

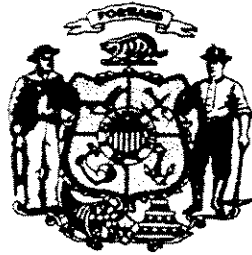
➤ Record of Comm. Proceedings ... RCP

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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

March 2, 1994

Mr. John Tries, Chairman  
150 East Gilman Street  
Suite 1000  
P.O. Box 8979  
Madison, WI 53708-8979

Dear Mr. Tries,

On February 11, 1994 the Committee received requests from the Gaming Commission to allocate funds from unallotted reserve for two purposes: (a) \$226,400 in 1993-94 for the implementation of a lottery inventory control system; and (b) \$412,200 in 1993-94 and \$208,000 in 1994-95 for relocation of the lottery's warehouse. Funding for these purposes was approved in the 1993-95 biennial budget act and placed in unallotted reserve, to be allocated by the Committee following notification of planned expenditures and a 14-day passive review process.

The Committee has no objections to the planned expenditures for the implementation of a lottery inventory control system and these funds are approved for allocation under the conditions of your expenditure plan.

The Committee does have concerns relating to portions of the request for the lottery warehouse moving expenses, rent and equipment.

The Commission's request to allocate \$80,000 in 1993-94 for warehouse security hardware and software appears premature. According to Department of Administration officials, the actual costs of the warehouse security hardware and software system will be determined within four to six weeks. The Committee will consider allocating funds for this purpose, under a 14-day passive review, when the Commission submits a request for the funds, based on the final DOA determination of costs.

Further, the Commission's request to allocate funds from unallotted reserve for other equipment (such as computer hardware and software, fax machines and a photo copier) is not related to the warehouse moving and rental costs for which funding was placed in unallotted reserve under the 1993-95 biennial budget act.

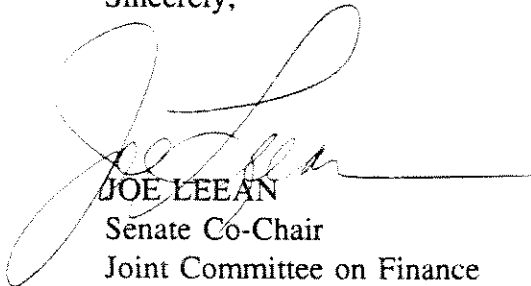
Mr. John Tries, Chairman

March 2, 1994

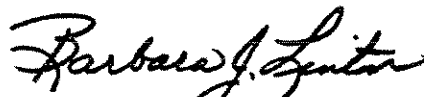
Page 2

The Committee has no objections to the allocation of \$83,300 in 1993-94 and \$176,300 in 1994-95. These amounts reflect approval of one month of rent (\$29,100), moving expenses (\$25,000) and a warehouse forklift (\$75,000) in 1993-94 and 12 months of rent (\$349,800) in 1994-95. (The approved allocation in both years reflects savings of \$45,800 in 1993-94 and \$173,500 in 1994-95 from the closing of other warehouse facilities.) The Committee will consider these revised amounts approved, and the remainder of your request withdrawn at this time, unless you notify us by March 7, 1994, that you wish us to schedule a meeting of the Committee to consider the full request.

Sincerely,



JOE LEEAN  
Senate Co-Chair  
Joint Committee on Finance



BARBARA J. LINTON  
Assembly Co-Chair  
Joint Committee on Finance

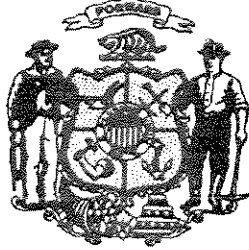
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cc: Members, Joint Committee on Finance

# State of Wisconsin

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Phone: 266-7690

## JOINT COMMITTEE ON FINANCE

2/28

February 18, 1994

MEMO TO: Joint Committee on Finance Members  
FROM: Senator Joe Leean, Co-Chair  
Representative Barbara J. Linton Co-Chair  
RE: Gaming Commission Review

Attached are requests from the Wisconsin Gaming Commission pertaining to the release of funds from an unallotted reserve pursuant to the 1993-1994 State Budget (Senate Bill 44).

Please review these requests and contact Senator Leean's office not later than Monday, February 28, 1994 if you have any concerns about or would like the Committee to meet formally to consider the requests.

Also, please contact us if you need additional information.

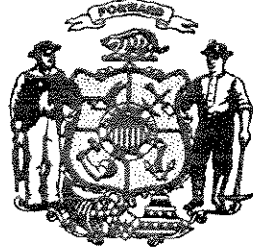
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Attachments

# State of Wisconsin

SENATE CHAIR  
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## JOINT COMMITTEE ON FINANCE

February 18, 1994

John Tries, Chairman  
Wisconsin Gaming Commission  
1802 West Beltline Highway  
Madison WI 53713

Dear Mr. Tries,

Your request for passive review of release of unallotted reserve funds for the movement of the Lottery's central warehouse to Milwaukee and the review for the implementation of an inventory control system were received in my office on February 11, 1994.

Due to the discrepancy in the date of your letter, February 7, 1994 and the date of reception, February 11, 1994 the 14-day passive review period began on February 11. Unless you are notified of our intent to schedule a formal review of the request on or before March 2, 1994 this request will be approved.

Thank you for your attention to this matter.

Sincerely,

Handwritten signature of Joe Leean in cursive.

JOE LEEAN  
Senate Co-Chair  
Joint Committee on Finance

Handwritten signature of Barbara J. Linton in cursive.

BARBARA J. LINTON  
Assembly Co-Chair  
Joint Committee on Finance

JL:BJL:ns

cc: Department of Administration  
Legislative Fiscal Bureau

# WISCONSIN GAMING COMMISSION

Tommy G. Thompson, Governor

John M. Tries, Chairman

Terence M. Dunleavy, Commissioner

Lennie A. Weber, Commissioner



**Capitol Office:**  
150 East Gilman Street, Suite 1000  
P.O. Box 8979  
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(608) 264-6607  
FAX (608) 267-4879

West Office

**West Office:**  
1802 West Beltline Highway  
P.O. Box 8941  
Madison, Wisconsin 53708-8941  
(608) 266-7777  
FAX (608) 264-6644

February 7, 1994

Honorable Joseph Llean  
Co-Chair, Joint Finance Committee  
Senator, 14th Senate District  
Room 115 South, State Capitol  
Madison, Wisconsin 53708

Honorable Barbara Linton  
Co-Chair, Joint Finance Committee  
Representative, 74th Assembly District  
Room 127 South, State Capitol  
Madison, Wisconsin 53708

Dear Senator Llean and Representative Linton:


In the 1993-95 State Budget (Senate Bill 44) the Wisconsin Gaming Commission requested \$250,000 funding for the implementation of an inventory control system for the Lottery program.

These funds were approved and placed in unallotted reserve. In addition, the Joint Finance Committee required the Gaming Commission to notify the Committee of planned expenditures and required a 14 day passive review process before the funds are allotted.

With this letter and the attached documentation, we are providing the notification and requesting the 14 day passive review.

Please review the attached material and contact me if you have any questions or would like additional information.

Sincerely,

  
John M. Tries, Chairman  
Wisconsin Gaming Commission

cc Department of Administration  
Legislative Fiscal Bureau

Wisconsin Gaming Commission  
14 Day Passive Review Request  
February 7, 1994

- I. Summary: The Wisconsin Gaming Commission requests a 14 day passive review on the following items approved in Senate Bill 44.

|                                                     |                  |
|-----------------------------------------------------|------------------|
| <b>Lottery Inventory Control System Budget Item</b> | <b>\$250,000</b> |
| <b>Amount Requested by Gaming Commission</b>        | <b>\$226,400</b> |

Further detail and supporting documentation for this request is provided below.

- II. Lottery Inventory Control System: In the last budget process the Lottery placed bar codes on its scratch tickets as a part of the cross redemption project. This allowed for easier redemption and improved ticket security. The Commission now plans to use the bar codes on the tickets to improve inventory control. Currently each scratch ticket pack must be manually inventoried. By having the vendor place the bar code on the outside of the box of tickets, the Commission could use bar code readers to assist in inventorying and distributing the tickets.

Our plan is to scan each box as it arrives. The data would be transmitted to Commission's computer where it would be matched against the vendor's inventory tape. This would insure that the Commission received the correct number of tickets.

The bar code would also be printed on the invoice that is used to "pick" tickets for shipment to retailers. A quick scan of the tickets and the invoice would insure that the shipping personnel have correctly matched the tickets with the invoice.

The bar code inventory system would also aid warehouse personnel in locating inventory. An inventory system consisting of hardware and software would allow warehouse staff to indicate exact locations of individual games and ticket packs. This would greatly increase our ability to locate and pull inventory.

The projected costs for this system are as follows:

**Hardware:** This would include purchasing new invoice printers to be able to print bar codes. We currently have six printers that would have to be replaced at a cost of approximately \$4,000 each. In addition we would purchase hardware for the software to run on. This would be a stand alone personal computer based system. Our current plan is for seven personal computers, four report printers, seven modems, six portable scanners, fifteen field scanners and four personal computer attached scanners/wedges. Total projected hardware costs are \$81,400.

**Software:** The software on the Stratus computer would have to be modified to accept the automated inventory scan records. Programs would have to be modified to match the automated inventory with the vendor's inventory file. In addition, the software which prints the retailer invoice would have to be modified to contain the bar code. This would also involve modifying the data base to retain the reference number on each retailer transaction. Certain screens and reports would also have to be modified to reflect the bar code number. Our projection is that this would take approximately 1,000 hours. At the current state bulletin contractor rate of \$36 per hour we project expenditures of \$36,000.

**Inventory Software:** The software which would be used to receive the inventory, track the location of the tickets and point of sale materials, and provide a continual inventory of the speed at which inventory is moving is available commercially. Our plan is to prepare an request for proposal and solicit bids for a turnkey system. Current estimates are that this type of software is available for approximately \$100,000 from multiple vendors.

**Contractor Assistance:** The Commission will have to retain a contractor to install the new inventory software and it's associated hardware. In addition we will need to have contractor personnel enter the current inventory into the system at each of the three locations. Our projection is for 300 hours at \$30 per hour. This totals out at \$9,000.

The total for the Lottery Inventory control Systems efforts is \$226,400.



# WISCONSIN GAMING COMMISSION

Tommy G. Thompson, Governor

John M. Tries, Chairman

Terence M. Dunleavy, Commissioner

Lennie A. Weber, Commissioner



**Capitol Office:**  
150 East Gilman Street, Suite 1000  
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Madison, Wisconsin 53708-8979  
(608) 264-6607  
FAX (608) 267-4879

February 7, 1994

Honorable Joseph Leean  
Co-Chair, Joint Finance Committee  
Senator, 14th Senate District  
Room 115 South, State Capitol  
Madison, Wisconsin 53708

West Office

**West Office:**  
1802 West Beltline Highway  
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Madison, Wisconsin 53708-8941  
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FAX (608) 264-6644

Honorable Barbara Linton  
Co-Chair, Joint Finance Committee  
Representative, 74th Assembly District  
Room 127 South, State Capitol  
Madison, Wisconsin 53708

Dear Senator Leean and Representative Linton:

In the 1993-95 State Budget (Senate Bill 44) the Wisconsin Gaming Commission requested funding for the movement of the Lottery's central warehouse to Milwaukee.

These funds were approved and placed in unallotted reserve. In addition, the Joint Finance Committee required the Gaming Commission to notify the Committee of planned expenditures and required a 14 day passive review process before the funds are allotted.

The acquisition of the proposed site was reviewed and approved by the State Building Commission on January 19, 1994. Following the approval, the proposed site was sold by the owner. As a result, the Gaming Commission and Department of Administration are requesting approval of the second highest scoring site on the February agenda of the Building Commission. Attached is the agenda item summary description for that meeting.

With this letter and the attached documentation, we are requesting the release of funding for this facility for both FY94 and FY95. Please note that in FY95 we are requesting an amount considerably less than the \$371,200 provided in the budget.

Please review the attached material and contact me if you have any questions or would like additional information.

Sincerely,

  
John M. Tries, Chairman  
Wisconsin Gaming Commission

cc Department of Administration  
Legislative Fiscal Bureau

Wisconsin Gaming Commission  
 14 Day Passive Review Request  
 February 3, 1994

I. Summary: The Wisconsin Gaming Commission requests a 14 day passive review on the following item approved in Senate Bill 44.

|                                  |                  |             |
|----------------------------------|------------------|-------------|
| <b>Move of Central Warehouse</b> | <b>\$412,235</b> | <b>FY94</b> |
|                                  | <b>\$199,687</b> | <b>FY95</b> |

Further detail and supporting documentation for this request is presented below.

II. Move of central warehouse: The Gaming Commission was provided with \$666,000 SEG in FY94 and \$371,200 in FY95. Of the \$666,000 in FY94, \$250,000 was allocated for the remodeling of the current facility. The remaining \$416,000 was for the warehouse.

**Milwaukee Warehouse:** The bid for the Milwaukee warehouse has been let and a site has been selected. The Department of Administration and Wisconsin Gaming Commission presented the proposed site to the Building Commission and received approval on January 19, 1994. Unfortunately the site approved on January 19 was sold. The Commission is now on the February 1994 Building Commission agenda seeking approval of the second highest scoring site. In summary, we are requesting approximately 38,400 sq ft. The bid price per sq ft. for warehouse/office space in Milwaukee is \$9.10 for the first year with a 3% escalator built into the operating expense portion (\$2.15) annually. The projections are as follows:

Projected Costs In FY94:

|                                             |                  |
|---------------------------------------------|------------------|
| 38,395 sq ft @ \$9.10 per ft = \$349,395    |                  |
| annual. Projected occupancy is 5/1/94       |                  |
| which is 2 months in fy94 =                 | \$ 58,232        |
| Moving expenses (Hales Corners and Madison) | \$ 25,000        |
| Warehouse forklift & equipment              | \$ 75,000        |
| LAN Hardware                                | \$ 52,000        |
| LAN Software                                | \$ 40,000        |
| Telecommunications (Computer Links)         | \$ 33,300        |
| Photo Copier                                | \$ 7,000         |
| 2 Fax Machines                              | \$ 6,000         |
| Computer Cabling                            | \$ 10,000        |
| Staff Computers                             | \$ 71,500        |
| Security Hardware and Software              | <u>\$ 80,000</u> |

TOTAL PROJECTED COSTS

\$458,032

Available Funds in FY94:

Available from current facilities:

|                      |                 |
|----------------------|-----------------|
| Green Bay (7 mo)     | \$21,407        |
| Rhinelanders (11 mo) | \$17,996        |
| Hales Corners (1 mo) | <u>\$ 6,394</u> |

Available from Facilities - \$ 45,797

Need \$412,235

Available for warehouse from 93-95 budget \$416,000

14 Day Review release request for  
Milwaukee Warehouse in FY94 \$412,235

Projected Costs in FY95

|                                      |                 |
|--------------------------------------|-----------------|
| 38,395 sq ft @ \$9.10 for 10 months  | \$291,162       |
| 38,395 sq ft @ \$9.17* for 2 months  | \$ 58,680       |
| Communications Lines                 | \$ 22,500       |
| Communications Equipment Maint.      | \$ 1,200        |
| Hardware Maint (computer, copy, fax) | <u>\$ 8,000</u> |

Total FY95 Project Costs \$381,542

Available Funds in FY95

Available from closed facilities:

|                |                   |
|----------------|-------------------|
| Green Bay      | \$36,699          |
| Rhinelanders   | \$19,632          |
| Hales Corners  | \$76,476          |
| Gilman (10 mo) | <u>\$40,730**</u> |

Total Available From Facilities - \$173,537

Need \$208,005

Available for warehouse from 93-95 budget \$371,200

14 Day Review release request for FY 95 \$208,005

Annualized Costs (fy 96 & ongoing)

|                                      |                 |
|--------------------------------------|-----------------|
| 38,395 sq ft @ \$9.24**              | \$354,770       |
| Communications Lines                 | \$ 22,500       |
| Communications Equipment Maint.      | \$ 1,200        |
| Hardware Maint (computer, copy, fax) | <u>\$ 8,000</u> |
| Projected Annual Costs               | \$386,470       |

Available from closed facilities:

|                                              |                   |                  |
|----------------------------------------------|-------------------|------------------|
| Green Bay                                    | \$36,699          |                  |
| Rhineland                                    | \$19,632          |                  |
| Hales Corners                                | \$76,476          |                  |
| Gilman                                       | <u>\$53,976**</u> |                  |
| Total Available From Facilities              | -                 | <u>\$186,783</u> |
| Total Ongoing Funds Needed From 93-95 budget |                   | <u>\$199,687</u> |

\* Handles 3% annual increase in operating costs of \$2.15 sq. ft. per year.

\*\* Less \$25,500 PR removed from FY95 in 93-95 budget

**AGENCY REQUEST FOR  
BUILDING COMMISSION ACTION  
February, 1994**

**AGENCY:**

Department of Administration for  
The Wisconsin Gaming Commission

**LOCATION:**

4353 Richards Street  
Milwaukee, Wisconsin

**REQUEST:**

Request approval of a lease for approximately 38,400 usable square feet of warehouse and office space to house the Wisconsin Lottery warehouse and distribution operation. This is a 5-year lease with a first right of refusal to purchase with Bucolt Real Estate. Annual cost of the lease will be \$350,000 payable from Segregated Funds.

**PROJECT DESCRIPTION:**

The Wisconsin Gaming Commission will consolidate the Lottery offices and warehouses from Hales Corners, Green Bay, Rhinelander and the main Lottery warehouse in Madison into this facility. Approximately 16,000 square feet of warehouse space will be vacated in the Madison facility which will provide space for the Commissioners currently located in leased space at 150 East Gilman. The leases in the other cities are expiring and will result in 19,126 square feet being vacated.

The lease will be for approximately 29,000 square feet of warehouse and 9,400 square feet of office space to be remodeled in an existing building. The rental rate, including all building operating expenses, will be \$9.10 per square foot and will increase annually by 3% of the operating expense portion of the rate (\$2.15). The term of the lease will be 5 years, with a 5-year renewal option. Occupancy is expected to take place May 1, 1994.

The lease will contain a first right of refusal to purchase the property for a price mutually agreeable to both parties. Because the state will occupy only 38,400 sq. ft. of a 227,000 sq. ft. facility, a purchase appears unlikely.

**JUSTIFICATION OF THE REQUEST:**

A Request For Proposal was issued last April and amended and re-issued in December to locate a facility in Milwaukee. Thirteen proposals were received in response to the December RFP. A lease was approved last month by the Building Commission. Unfortunately, that facility was sold by the owner to another party who will occupy the building.

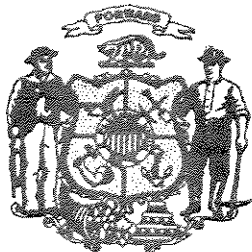
This facility is the second highest scoring proposal and meets all of the Gaming Commission's requirements. The use of this facility will provide a stimulus to an area of Milwaukee in need of redevelopment and at a price comparable to the previously approved lease.

The facility will provide space for the 15,326 sq. ft of leased space being vacated and another 16,000 sq. ft. of warehouse being relocated from Madison. Space will be provided for consolidation of warehouse operations, an increase in the number of games and to facilitate courier service delivery of tickets. The annual increase in space costs, after making reductions for expired leases, will be approximately \$161,000. The rental increase was approved as part of the 1993-'95 Biennial Budget and requires release by the Joint Committee on Finance.

# State of Wisconsin

SENATE CHAIR  
JOE LEEAN

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ASSEMBLY CHAIR  
BARBARA J. LINTON

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Phone: 266-7690

## JOINT COMMITTEE ON FINANCE

September 17, 1993

Secretary James R. Klauser  
Department of Administration  
101 East Wilson Street  
Madison, WI 53703

Dear Secretary Klauser:

On August 27, 1993, requests for the Department of Corrections and the Cost Containment Commission under ss. 16.505/16.515 of the statutes were forwarded to the Joint Committee on Finance for approval.

We have reviewed the request by the Department of Corrections for 0.25 FTE position, beginning in 1993-94. There are no objections to this request and, accordingly, it has been approved effective September 20, 1993.

With respect to the request for additional funding for the Cost Containment Commission, there is objection by the Committee to this request. The Co-Chairs will therefore schedule a meeting of the Committee to consider this request.

Sincerely,

Handwritten signature of Joe Leean in cursive.

JOE LEEAN  
Senate Chair

Handwritten signature of Barbara J. Linton in cursive.

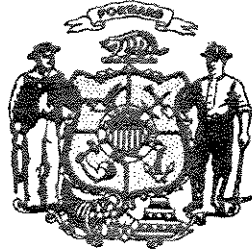
BARBARA J. LINTON  
Assembly Chair

JL/BJL/ns

# State of Wisconsin

SENATE CHAIR  
JOE LEEAN

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## JOINT COMMITTEE ON FINANCE

August 27, 1993

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 August 27, 1993, under ss. 16.515/16.505(2) of the statutes.

Please review these items and notify Senator Leean's office not later than Tuesday, Sept. 14 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.

JL:BJL:ns

Attachments

**CORRESPONDENCE/MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

Date: Aug. 27, 1993  
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> |
| DOC<br>20.410(1)(kx)                           | Inter & Intra-<br>Agency Prog.       |                | 0.25       |                | 0.25       |
| Cost Containment<br>Commission<br>20.488(1)(h) | Review and<br>Approval<br>Activities | \$106,000      |            | \$106,000      |            |

As provided in s. 16.515, this request will be approved on Sep. 20, 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:** August 6, 1993  
**To:** James R. Klauser, Secretary  
Department of Administration  
**From:** Roger Fetterly, Budget Analyst *Roger Fetterly*  
Department of Administration  
**Subject:** S. 16.505 Request from the Department of Corrections

REQUEST

The Department of Corrections (DOC) is requesting a 0.25 PR FTE project position in appropriation 20.410 (1)(kx), Interagency and Intra-agency Programs, to supplement the staff for a Victims of Crime Act (VOCA) program.

BACKGROUND

DOC has been awarded a VOCA subgrant of \$35,000 through the Department of Justice for FY94 with the potential for renewal of the subgrant in subsequent years. The program would be under the supervision of the chair of the Parole Commission and administered by an Administrative Assistant 3 whose duties would be to provide services and support to victims of crime committed by offenders in the criminal justice system.

ANALYSIS

DOC has received the following funding for the proposed VOCA program which would require a 1.0 PRS FTE.

|                       |              |
|-----------------------|--------------|
| Salary                | \$22,891     |
| Fringe                | 8,360        |
| Supplies and Services | <u>3,749</u> |
| Total                 | \$35,000     |

DOC has identified a vacant .25 FTE position and a vacant .5 FTE position in appropriation 20.410 (1)(kx) which can be reallocated to satisfy .75 FTE of the needed position authority for the administrative assistant. The additional .25 PRS FTE position which will be needed to carry out the proposed program and the .75 FTE being reallocated should be created as a project position for 2 years, ending September 30, 1995, and rejustified in the 1995-97 biennial budget.

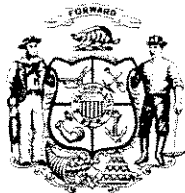
Additional expenditure authority will not be required for appropriation 20.410 (1)(kx) because it is a continuing appropriation.

RECOMMENDATION

Approve an increase of a .25 PRS FTE project position in appropriation 20.410 (1)(kx) for 2 years.

Tommy G. Thompson  
Governor

Patrick J. Fiedler  
Secretary



Mailing Address  
149 East Wilson Street  
Post Office Box 7925  
Madison, WI 53707-7925  
Telephone (608) 266-2471

## State of Wisconsin Department of Corrections

### M E M O R A N D U M

DATE: August 2, 1993

TO: Roger Fetterly, DOA

FROM: *Elaine Velez*  
Elaine Velez, OBP

SUBJECT: S. 16.505 Request for Appropriation  
410.(1)(kx) Inter-Agency and Intra-Agency Programs

The Department of Corrections (DOC) requests an increase in position authority of .25 project FTE in appropriation 410.(1)(kx), Inter-Agency and Intra-Agency Programs. This position combined with .25 (position #317421) and .50 (position #030695) will create one FTE for the new Administrative Assistant 3 (AA3) project position in the Parole Commission.

Funding for this position will be provided by a VOCA (Victims of Crime Act) grant through the Department of Justice. The grant is for one year with the opportunity to renew yearly thereafter.

The person filling this Administrative Assistance 3 position will be responsible for providing crime victims with general information regarding the criminal justice system and parole process and specific information such as conditions of release, parole commission decisions, and inmate programming. The AA3 will also provide crime victims with emotional support and referral information; coordinate face-to-face meetings between victims and the parole commission; and serve as a liaison between victims and probation and parole agents, county victim witness coordinators, intensive sanctions agents, and parole commissioners.

The VOCA grant funds of \$35,000 will be distributed as follows:

|                                                                           |          |
|---------------------------------------------------------------------------|----------|
| Salary (11 months)                                                        | \$22,891 |
| Fringe                                                                    | 8,360    |
| Operating expenses<br>(Lap-top computer software, modem<br>carrying case) | 3,749    |
|                                                                           | -----    |
|                                                                           | \$35,000 |

DOC match funds of \$8,750 will be distributed as follows:

|                                                       |         |
|-------------------------------------------------------|---------|
| IBM Computer                                          | \$2,753 |
| Printer (purchased new)                               | 2,900   |
| Desk Chair                                            | 300     |
| PENS                                                  | 1,900   |
| (Parole Eligibility Notification System)              |         |
| WSNS                                                  | 977     |
| (Wilson Street Network Services--<br>Electronic Mail) |         |
|                                                       | -----   |
|                                                       | \$8,750 |

Presently, DOC has expenditure authority for the grant funds.

Your assistance in obtaining this new position would be greatly appreciated. If you have any questions please contact me at 267-7193. Thank you.

/emv

cc: Cynthia Schoenike  
Mary Cassady

**CORRESPONDENCE/MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

**Date:** August 26, 1993  
**To:** James R. Klauser  
**From:** Henry X Dudek *HX*  
Jennifer Sajna *JMS*  
**Subject:** S. 16.515 Request of Cost Containment Commission

Request

The Cost Containment Commission requests an expenditure authority increase of \$106,000 PR in appropriation s. 20.488 (1) (h), Review and Approval Activities, to fund the ongoing compensation and rent needs of the Commission. Sufficient revenues from application fees are projected to be available to cover the additional expenditures.

Background

1991 Assembly Bill 655, enacted as Act 250 on 5/11/92, established the Cost Containment Commission, attached to the Department of Health and Social Services (DHSS) for administrative purposes and composed of three full-time members, and also created an unclassified staff director. However, Act 250 provided no position authority or funding for the created positions, nor did it create any appropriations or designate any revenue sources for the Commission's activities.

On 5/27/92, DHSS submitted a request to the Joint Committee on Finance (JCF) for position authority and funds for the Commission. JCF twice laid the issue over and acted on the request at its 12/15/92 meeting under s. 13.10. JCF created positions for the commissioners and needed staff within DHSS and provided a combination of GPR and PR from DHSS health facilities licensing fees to fund the Commission's activities during FY93. The funds provided by JCF were based upon anticipated annual salaries of \$60,000 for each of the Commissioners and \$46,600 for the staff director. Other positions were funded at the minimum.

SB44, the Governor's budget bill, proposed in January to transfer funding for the Commission from within DHSS to a separate set of PR appropriations. Funding was provided to the Commission from a combination of DHSS hospital bed licensing fees and Commission application fees for projects requiring capital expenditure review under chapter 150. SB44 proposed increasing the bed fee from \$8 to \$20 and permitting the Commission to set its application fees by rule. The administration recognized that the SB44 proposal was a bare bones budget and that all the costs of the Commission, which had not yet been appointed, would be difficult to project adequately beforehand. SB44 therefore proposed that the application fees appropriation be made continuing so that the Department of Administration (DOA) could respond, within the revenues available, to the Commission's unforeseen budgetary needs.

After JCF created the positions, the Governor appointed the Commissioners, who were confirmed by the Senate on 2/18/93. The Governor appointed the

Commissioners at a combined salary total of \$215,800 -- significantly higher than the \$180,000 anticipated by JCF. At the same time, other factors related to fringe benefits and the type of space needed by the Commission further increased costs above the SB44 proposed budget.

In recognition of these additional needs, your 5/17/93 letter to the JCF co-chairs requested more funding for the Commission, along with an additional \$4 increase in the hospital bed fee. In its deliberations on the Commission on 6/16/93, JCF modified the SB44 proposal to provide only the base level funding established by the Committee in 12/92. JCF increased the bed fee to \$18 and provided that the application fee appropriation be annual, with the result that expenditure authority increases would require JCF approval. JCF also required the Commission to fund all its activities with application fees, beginning 7/1/95.

This action was incorporated into the Committee's SSA2 to SB44. In its version of the budget, the Senate included additional funding for the Commission as requested by DOA. However, the Conference Committee amended the JCF version of the budget, rather than the Senate version, and did not include the increased funding for the Commission among the few items it added to SSA2. As a consequence, Act 16, signed into law by the Governor on 8/10/93, contains insufficient funding to meet the minimum funding needs of the Commission.

Analysis

**Expenditure Needs**

There are five areas where the funding provided is insufficient to support the minimal needs of the Commission:

|                                         | <u>Total Need</u> | <u>Available</u> | <u>Deficit</u> |
|-----------------------------------------|-------------------|------------------|----------------|
| Commissioners                           |                   |                  |                |
| Salaries                                | \$215,800         | \$180,000        | \$35,800       |
| Fringe Benefits                         | 82,600            | 60,000           | 22,600         |
| Other Staff                             |                   |                  |                |
| Salaries                                | 135,900           | 126,200          | 9,700          |
| Fringe Benefits                         | 47,200            | 42,200           | 5,000          |
| Supplies & Services<br>(including rent) | 58,900            | 26,000           | 32,900         |
|                                         | <hr/>             | <hr/>            | <hr/>          |
| TOTAL                                   | \$540,400         | \$434,400        | \$106,000      |

In view of their experience and the level of salaries they were earning elsewhere, the Governor appointed the Commissioners at salaries higher than those anticipated in the JCF action of 12/92. However, Article IV, section 26 (2) of the Wisconsin Constitution provides that "the compensation of a public officer may not be increased or diminished during the term of office." As a consequence, the commissioners must be paid the salaries to which they are entitled under their appointment letters. Since the commissioners' salaries were announced, Senate confirmation can be construed as implicit legislative intent to provide the needed funding. Otherwise, in the absence of sufficient funding designated for their salaries, the commissioners would have to be paid from funding provided for other Commission purposes. However, as all other

aspects of the Commission are minimally funded or underfunded, no funds exist that can be reallocated for this purpose.

Additional funds are also needed for commissioners' fringe benefits. Fringe benefits increase with salary. In addition, a special add-on for retirement benefits is required because the commissioners are Executive Salary Grade employees. In budgeting for the Commission, DHSS' fringe benefit rate was used without any consideration being given to this add-on. In most agencies, the add-on has inconsequential budgetary significance, but it must be accounted for in an agency where four of only seven employees require the add-on.

The classified employees of the Commission are budgeted at the minimum for their class. However, the employee candidates available under the state's hiring rules had to be transferred into the Commission staff positions at higher levels than the minimum. Again, in most agencies, this would have no significant budgetary impact. But in a new agency with a very small number of staff, no means exists of generating other salary savings to fund these staff. Similarly, no excess fringe benefits budget can be reallocated from other positions in this small agency.

The amount budgeted for the Commission's rent and supplies and services similarly was based on DHSS experience when it adds new positions. However, this amount has proved insufficient, as the incremental costs of adding a few employees to a large agency are significantly less than the costs of providing a base for rent and supplies costs for a new small agency. As a consequence, the rent for space suitable for the Commission has been significantly higher than anticipated, even though the amount of space is reasonable and the space costs per square foot are somewhat lower than those paid by other state agencies for comparable space in the downtown area.

In general, the initial budgeting for the Commission by DHSS, DOA, and the Legislature was based on comparisons with incremental costs of adding DHSS classified staff. However, such a large agency has an ability to reallocate and to enjoy economies of scale, and the Commission has no such comparable opportunities to address its funding deficits. It is therefore reasonable to grant the Commission a moderate amount of funding above its current budget to recognize the inadequacies of the approach used in formulating its original budget and to provide it with a more adequate base to move forward and accomplish its mission.

The alternatives available are few and draconian. If no funding is available for commissioners' salaries, layoff of nearly all other staff for the remainder of the year would be required. This would be unfortunate both for the work of the commission and for the employees involved, who accepted these jobs and challenges in good faith. For the Commission to try to live within its current supplies and services budget would likely require a disruptive move to inadequate quarters and an inability to fund such essential daily agency needs as phones and copying.

#### **Revenue Sufficiency**

No attempts were made during the budgeting process to project revenues that might be available to the Commission from its application fees. These fees are not set in statute but are to be established by the Commission by rule. As a consequence, only a moderate amount of funding (\$185,400 over the biennium) was provided to the Commission from this source.

It is now possible to make some projections of likely revenues from this source. The Commission is currently drafting rules to take effect for applications submitted for capital expenditure reviews on or after 10/1/93. These rules would establish fees similar to those for DHSS' resource allocation program (RAP) for nursing homes: 0.37% of a project's estimated cost with minimum and maximum charges.

Projecting the base against which this rate is applied can be done by several methods. From 1979 to 1983, DHSS administered a certificate of need (CON) program that is similar to the Commission's capital expenditure review process. On average, the annual base for building projects was \$77.5 million and for equipment projects \$10.6 million. Inflating those figures forward by using appropriate building and equipment inflator indexes yields an estimate of \$103.5 million in buildings and \$13.6 million in equipment for 1993. Such a base of \$117.1 million would yield application fees of about \$433,000 at a 0.37% rate (without taking into account individual project minimum and maximum fees).

During the period from 10/92 thru 6/93, hospitals were required to submit reports on their planned projects to the Office of Health Care Information. Project analyses indicate that hospitals were planning 126 projects totalling \$635 million. However, this figure is likely an anomaly, as it is widely believed that hospitals accelerated their capital projects to avoid the requirement of receiving Commission approval beginning on 7/1/93. In addition, after a year of such intense activity, a period of several years of less intensive building activity is likely. However, if the annual level of planned building in the near future is even as low as 25% of the \$635 million reported, the base for application fees would be about \$159 million. This confirms the reasonableness of the base projected by inflating the CON levels forward from last decade, as above.

If the Commission establishes the same rate structure as DHSS' comparable RAP program, sufficient revenues should be available to cover the annual total of \$198,700 expenditures (\$92,700 current base plus the \$106,000 requested here). Using application fees to cover these intended expenses is appropriate as well as consistent with the JCF directive included in the budget that the Commission fund future activities entirely from application fees. In addition, using its authority under s. 16.513, DOA can require that the Commission submit quarterly reports of its projected expenditures and revenues to ensure that the expenditure authority requested here is supported by appropriate revenues.

#### Recommendation

Approve the request. Further, require the Cost Containment Commission to report quarterly to the Department of Administration on its application fees received under s. 150.66.

cc: Rick Chandler

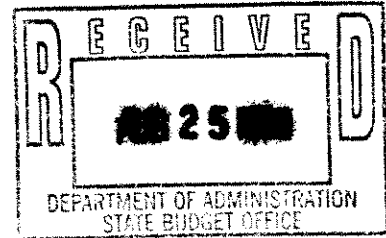
# COST CONTAINMENT COMMISSION

**DATE:** August 25, 1993

**TO:** Richard G. Chandler  
State Budget Office

**FROM:** Michael F. Corry  
Chair

**RE:** S. 16.515 Request for Appropriation 20.488(1)(h)--Review and Approval Fees



The Cost Containment Commission (CCC) requests \$106,000 in additional expenditure authority for appropriation 20.488(1)(h), numeric appropriation 135, which currently has \$92,700 in annual authority. The Commission projects that sufficient revenue from Capital Expenditure Review application fees is available to increase expenditure authority to \$198,700 in fiscal year 1994.

The 1993-95 state budget authorized the CCC to charge application review fees effective October 1, 1993. The CCC is currently in the process of drafting emergency rules to establish a fee schedule similar to that established by sec. 150.13, Wis. Stats., for the nursing home resource allocation program (RAP). The current RAP fee is 0.37% of a projects estimated cost, with a minimum charge of \$1,850 and a maximum charge of \$37,000. Under this formula, the CCC needs to review projects with a total estimated cost of \$55-60 million in this fiscal year in order to achieve \$198,700 in application fee revenue. Initial projections indicate that this is very feasible.

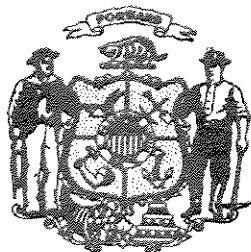
The CCC is faced with a \$106,000 revenue shortfall because expenses are expected to be \$540,400, while annualized funding is \$434,400. It is important to note that salaries, fringe and rent alone for the CCC will be \$507,100, which exceeds the annualized base funding by \$72,700.



# 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

July 23, 1993

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

A handwritten signature in cursive script that reads "Joe" with a checkmark at the end.

Dear Secretary Klauser:

On July 2, 1993, a ss. 16.505/16.515 request for the Office of the Commissioner of Insurance relating to funding for 2.0 project positions for the Wisconsin Health Care Partnership Plan was forwarded to the Joint Committee on Finance for approval.

There is objection by the Committee to this request. The Co-Chairs will therefore schedule a meeting of the Committee to consider this request.

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

BARBARA J. LINTON  
Assembly Chair

Sincerely,

A handwritten signature in cursive script that reads "Joe Leean".

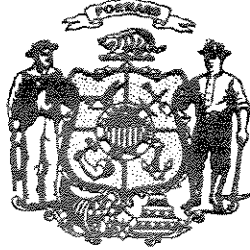
JOE LEEAN  
Senate Chair

BJL/JL/ns

# 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

July 2, 1993

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 July 2, 1993, under ss. 16.515/16.505(2) of the statutes.

Please review this item and notify Senator Leean's office not later than Monday, July 19, 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.

JL:BJL:ns

Attachments

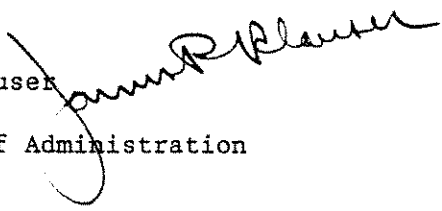
**CORRESPONDENCE/MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

Date: July 2, 1993

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> |
| O.C.I.<br>20.145(1)(g) | WHCPP Project<br>Positions | \$ 66,800      | 2.0*       |                |            |

\* Convert 2.0 LTE positions to 1 year project.

As provided in s. 16.515, this request will be approved on July 26, 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:* 1 July, 1993*To:* James R. Klauser, Secretary  
Department of Administration*From:* Steven Little, Executive Policy Analyst  
Division of Executive Budget & Planning*Subject:* s. 16.505/515 Request for the Office of the Commissioner of Insurance**REQUEST:**

The Office of the Commissioner of Insurance (OCI) requests an increase in expenditure authority of \$66,800 PRO and position authorization to convert 2.0 limited-term employee positions to project positions through March 31, 1994. These project positions will provide staff support for the Wisconsin Health Care Partnership Plan.

Funding for the requested project positions is as follows:

| ADMINISTRATIVE ASSISTANT 5 |                 | PUBLIC INFORMATION OFFICER 4 |          |
|----------------------------|-----------------|------------------------------|----------|
| SALARY                     | \$24,300        | SALARY                       | \$22,500 |
| FRINGE                     | 8,000           | FRINGE                       | 7,400    |
| SUPPLIES & SERVICES        | 2,300           | SUPPLIES & SERVICES          | 2,300    |
| TOTAL                      | \$34,600        | TOTAL                        | \$32,200 |
| <b>GRAND TOTAL</b>         | <b>\$66,800</b> |                              |          |

**BACKGROUND:**

In March 1993, Governor Thompson introduced a health care cost containment initiative called the Wisconsin Health Care Partnership Plan (WHCPP). The WHCPP was created to provide health care coverage for state employees, private sector employer and employees, members of participating associations of individuals or employers and to other individuals.

With introduction of this initiative, OCI was delegated implementation responsibility for the WHCPP. OCI recruited and hired two limited-term employees through June 1993 to perform these duties. OCI now requests that the LTE positions be converted to project positions.

**ANALYSIS:**

On April 5, 1993, OCI requested a transfer of \$20,100 PRO from unallotted reserve to their LTE salary and supplies and services lines to cover the anticipated cost of hiring 2.0 LTEs to staff the WHCPP. The requested allotment transfer funded the 2.0 LTE positions from May 3, 1993, through June 30, 1993. This request will convert these positions from LTE to project positions and provide continued funding through March 31, 1994.

ADMINISTRATIVE ASSISTANT 5 (AA-5)

This position is responsible for the general coordination of WHCPP activities for the Insurance Commissioner. To date this position has drafted responses to various individuals and organizations requesting information pertaining to the WHCPP. In addition, this position has prepared and delivered speeches throughout the state on the health care plan as well as provided staff support to the Insurance Commissioner on other health care initiatives and legislation at the state level, as well as proposals developed by other states.

In anticipation of passage of the WHCPP, the responsibilities of the AA-5 also include:

- Establishing and maintaining a file on Regional Health Council (RHC) prospective appointees. This will involve corresponding with health care professionals, public and private sector employers, and employees with expertise in health care related issues. Qualified individuals will be compiled into a list to be referenced by the Governor during the selection process of RHC members.
- Providing assistance for the smooth and orderly pending transfer of the Office of Health Care Statistics and the Center for Health Statistics in the Department of Health & Social Services to OCI.
- Coordinating WHCPP implementation with other state agencies such as the Department of Employee Trust Funds.
- Other duties and responsibilities as assigned by the Insurance Commissioner.

PUBLIC INFORMATION OFFICER 4 (PIO-4)

The Public Information Officer 4 position is responsible for distributing information to interested parties, preparing press releases, arranging media events, and performing other duties necessary to promote the WHCPP. The current activities and responsibilities of the

PIO-4 include:

- Answering phone questions and responding to inquiries for information about the WHCPP.
- Reviewing press clippings and publications.
- Preparing testimony for legislative hearings.
- Tracking testimony and concerns from citizens regarding health care reform in Wisconsin.
- Coordinating OCI's involvement and promotion of the WHCPP in media inquiries.

Many of the current duties performed by the PIO-4 will be continued in anticipation of passage of the WHCPP. In addition to these duties, this position will have responsibility for:

- Assisting the Insurance Commissioner in the selection/nomination/training process for the RHC members.
- Development of training manuals and materials for new RHC members.
- Development of public information packets on special topics as they arise.
- Expanding media contacts to ensure accurate and timely coverage throughout the state.

OCI indicates that with passage of the WHCPP, both project positions will be deleted since the bill provides staffing for OCI. The termination date of March 31, 1994, should provide sufficient time for the positions to complete any duties associated with the start up of the WHCPP.

On the basis of the responsibilities and duties performed by these positions, the request for conversion of these LTE positions to project positions is justified.

**RECOMMENDATION:**

Approve the request for 2.0 project positions and an additional \$66,800 PRO in expenditure authority for appropriation s. 20.145 (1)(g) General Operations. Funding and position authority shall be deleted on March 31, 1994.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson  
Governor

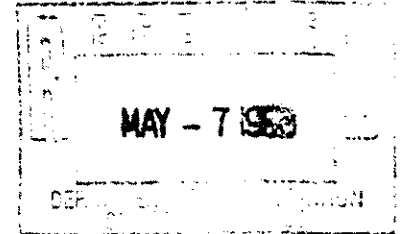
Josephine W. Musser  
Commissioner

May 6, 1993

121 East Wilson Street  
P.O. Box 7873  
Madison, Wisconsin 53707-7873  
(608) 286-3585

1-800-947-3529 Hearing/Speech Impaired Only

MR JAMES KLAUSER SECRETARY  
DEPARTMENT OF ADMINISTRATION  
101 E WILSON ST 10TH FL  
MADISON WI 53702



Dear Secretary Klauser:

In previous discussions with your staff I have identified the need to hire additional staff in the Office of the Commissioner of Insurance to carry out the various duties related to establishing the Wisconsin Health Care Partnership Plan. On April 12, 1993, your office approved an allotment request for transfer of funds to cover the expense of two limited-term employes through June 1993. We have successfully recruited two excellent staff (one administrative assistant 5 and one public information officer 4). The duties outlined for these positions are as follows:

Administrative Assistant 5:

This position will be performing professional staff assistance in coordinating all activities relating to the Wisconsin Health Care Partnership Plan. These responsibilities will include correspondence regarding the Plan, arranging meetings with and attend meetings with individuals requesting information on the Plan, writing issue or policy papers as requested by the Commissioner, and assisting in developing an implementation plan for all the activities that need to be completed, including actuarial consultation, training, and data collection.

Public Information Officer 4:

This position is responsible for directing the public information program relating to the Plan. This will include preparing press releases, arranging media events, and developing written information to assist the office in promoting the Plan.

Mr. James Klauser  
May 6, 1993  
Page 2

This request is to give us ss. 16.515 and 16.505, Wis. Stat., budget position authorization to retain these positions through March 31, 1994, as project positions and to give us the necessary spending authorization in our supplies and services line for the travel, telephone, printing, and miscellaneous expenses associated with these positions. The funding requested is as follows:

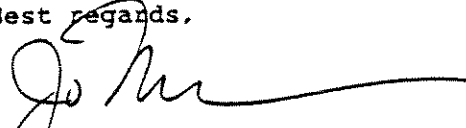
| <u>Administrative Assistant</u><br><u>(01-15)</u> | <u>Public Information Officer</u><br><u>(01-14)</u> |
|---------------------------------------------------|-----------------------------------------------------|
| \$ 15.213 per hour                                | \$ 14.058 per hour                                  |
| <u>x 1,600</u> hours                              | <u>x 1,600</u> hours                                |
| +24,340.80                                        | +22,492.80                                          |
| <u>x 32.98</u> fringe                             | <u>x 32.98</u> fringe                               |
| + 8,027.59                                        | + 7,418.13                                          |
| <u>+ 2,250.00</u> supplies                        | <u>+ 2,250.00</u> supplies                          |
| \$ 34,618.39                                      | \$ 32,160.93                                        |

Total amount needed is:

|                |              |
|----------------|--------------|
| Project Salary | \$46,834     |
| Fringe         | 15,446       |
| Supplies       | <u>4,500</u> |
|                | \$66,780     |

As I am certain you are aware, we are making good progress in developing the Plan, and I am certain you recognize the magnitude of the challenge this effort has placed on the Insurance Commissioner's Office. In order to move ahead with our planned timetable, it is essential that we have the budget authority to employ the necessary staff. If you have any questions regarding this request, please do not hesitate calling me.

Best regards,

  
Josephine W. Musser  
Commissioner of Insurance

JWM:HN:sf  
2630Q

cc: Ann Wiley  
Steve Little



N:

Fiscal Bureau  
Fiscal Bureau got reject  
called

July 26

Chudo object

\_\_\_\_\_