

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

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➤ 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\_pt27

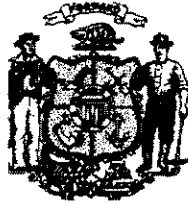
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# STATE OF WISCONSIN

SENATE CHAIR  
TIM WEEDEN

119 Martin Luther King Blvd.  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: 266-2253



ASSEMBLY CHAIR  
BEN BRANCEL

119 Martin Luther King Blvd.  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-7746

## JOINT COMMITTEE ON FINANCE

June 12, 1996

Mr. James R. Klauser, Secretary  
Department of Administration  
101 E. Wilson Street, 10th Floor  
Madison, WI 53703

Dear Secretary Klauser:

On May 24, 1996, the Department of Administration requested approval under s. 16.505(2) for 1.0 PR assistant district attorney one-year project position for Outagamie County to prosecute controlled substances violations and asset forfeiture cases on behalf of the Lake Winnebago Area Metropolitan Drug Enforcement Group. The Committee has no objections to this request and it is, therefore, approved.

Committee members have, however, raised concerns about the manner in which prosecution staff have been authorized in general and of future requests for District Attorney position authority in relation to the disparity in caseload data between DA offices and the limited additional resources available to address current caseloads. We would prefer not to respond to requests for District Attorney resources in a piecemeal fashion. Further, an equitable response to the needs of District Attorneys throughout the state needs to be developed. To some extent, our response to DA position requests should be facilitated by more refined prosecution data such as improved weighted caseload data consistent with the recommendations of the December, 1995, Legislative Audit Bureau evaluation of the allocation of DA positions.

In response to these concerns, we ask that all future s. 13.10 or s. 16.505(2) requests for District Attorney position authority include: (a) an analysis of the effect of any requested position on weighted caseload for the requesting county or counties; (b) an

James Klauser, Secretary

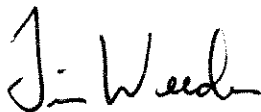
June 12, 1996

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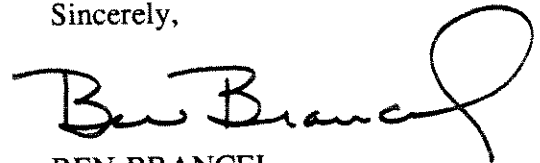
assessment of similar caseload problems in other counties that are not addressed by the request; (c) an explanation of why the request has greater priority than similar needs existing in other counties; and (d) if the requested position is intended to address a specific type of caseload, an explanation of why this type of caseload has a greater priority than other types.

With regard to the request from the Department of Health and Social Services relating to licensing, review and certifying activities, the Committee has no objection to this request and, therefore, it is approved.

Sincerely,



TIM WEEDEN  
Senate Chair



BEN BRANCEL  
Assembly Chair

TW/BB/kc  
Attachment

cc: Members, Joint Committee on Finance

# STATE OF WISCONSIN

SENATE CHAIR  
TIM WEEDEN

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## JOINT COMMITTEE ON FINANCE

May 31, 1996

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

Dear Secretary Klauser:

On May 10, 1996, a s. 16.515 request for the Department of Veterans Affairs was submitted in a memorandum from you to us for approval by the Joint Committee on Finance. The request was for an increase in expenditure authority in 1996-97 of \$219,900 PR for the Department's institutional operations [King Home] appropriation (s. 20.485(1)(gk).

This request is approved by the Joint Committee on Finance subject to the following conditions. Of the total increased funding approved, the \$46,500 PR requested for overtime and holiday pay, the \$58,800 PR requested for LTE hourly rates and the \$50,000 PR requested for actual hours worked shall be considered one-time in nature and not base-building. Requests for on-going increases for these items in 1997-99 can then be reviewed as a part of the 1997-99 biennial budget process.

Unless you notify us by June 10, 1996, that you wish us to schedule a meeting of the Committee to review this request, we will consider the request approved with these conditions.

Sincerely,

Handwritten signature of Ben Brancel in cursive.

BEN BRANCEL  
Assembly Chair

Handwritten signature of Tim Weeden in cursive.

TIM WEEDEN  
Senate Chair

BB/TW/kc

cc: Members, Joint Committee on Finance  
Secretary Boland, DVA  
Linda Nelson, DOA

# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

TO: Joint Finance Members

FROM: Representative Ben Brancel  
Senator Tim Weeden  
Co-Chairs, Joint Committee on Finance

DATE: May 10, 1996

RE: 16.505/515 (2) Request

Attached is a copy of a request from the Department of Administration dated May 10, 1996 pursuant to 16.505/515 (2) pertaining to a request from the Department of Veteran Affairs.

Please review this item and notify Representative Brancel's office no later than Thursday, May 30, 1996 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 further information.

BB:TW:kc

**CORRESPONDENCE MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

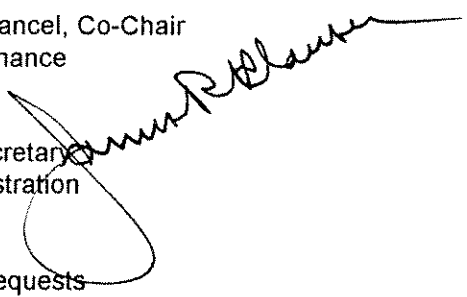
**Date:** May 10, 1996

**To:** The Honorable Tim Weeden, Co-Chair  
Joint Committee on Finance

The Honorable Ben Brancel, Co-Chair  
Joint Committee on Finance

**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>1995-96</u> <u>AMOUNT</u>	<u>FTE</u>	<u>1996-97</u> <u>AMOUNT</u>	<u>FTE</u>
DVA 20.485(1)(gk)	Institutional Operations			\$219,900	

As provided in s. 16.515, this request will be approved on June 3, 1996, 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 Linda Nelson at 266-3330, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

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

**Date:** May 7, 1996

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

**From:** Pamela Henning, Policy and Budget Analyst *PH*  
State Budget Office

**Subject:** s. 16.515 Request for Salary Increases at the Veterans Home in King

**REQUEST**

The Department of Veterans Affairs (DVA) requests an one-time increase in expenditure authority of \$119,100 PR in fiscal year 1995-96 in appropriation s. 20.485 (1)(gk), institutional operations, for the Veterans Home at King (Home) to fully fund permanent salary costs and LTE salary increases not covered by pay plan supplements from FY95 and FY96. The department also is requesting that \$219,900 PR in annualized costs for salary and fringe benefit costs be added as a continuing cost to the department's base budget in its institutional operations appropriation, s. 20.485 (1)(gk), in fiscal year 1996-97.

**REVENUE SOURCES FOR APPROPRIATION**

The sources of revenue deposited in the appropriation under s. 20.485 (1)(gk), institutional operations, are from four major sources: (1) charges assessed against member's excess assets and income; (2) medical assistance payments; (3) U.S. Department of Veterans Affairs per diem payments; and (4) general fund appropriations (fuel and utilities, cemetery maintenance and debt service).

**BACKGROUND**

During fiscal year 1994-95, the DVA had several pay plan increases that were not covered by pay plan supplements. As a result of those increases, the department submitted a s. 16.515 request on June 8, 1995, to the Joint Committee on Finance (JCF) to increase the Home's expenditure authority to cover the unbudgeted pay plan increases in the Home's PR institutional operations appropriation. The JCF approved the department's request for increased expenditure authority for FY95 as a one-time supplement but did not approve the department's request for funding on a continuing basis. As a result of that action, the unbudgeted pay plan costs from FY95 were carried over into FY96, as well as into FY97.

**ANALYSIS**

The department's PR institutional operations appropriation (s. 20.485(1)(gk)) is used to cover the operating costs of the Wisconsin Veterans Home at King. During FY95, several pay increases were implemented that were not covered by pay plan supplements, including

contract settlements with the laundry and food service workers and nursing assistants. These settlements raised the minimum hourly wages between 8.76% and 18.55%. These pay increases also affected LTE salaries. It is the department's policy to pay LTEs between two to four steps below permanent staff wage levels depending on the employee's classification and training. LTEs are vital to the Home's operations because the Home must provide adequate levels of nursing care and other support services 24 hours per day 365 days per year.

There were several unanticipated pay plan increases in FY95 that have continuing effects into FY96 and FY97. They include the following:

- The 1993-95 budget authorized 6.5 FTEs for the Home that were funded at the minimum salary range. Due to contract settlements, the minimum salary ranges were increased without a pay plan supplement and \$29,395 is necessary to fund the salary and fringe for these increases.
- The Home's overtime and holiday pay projections included in the 1993-95 budget did not include increases based upon the patient care contract settlement of 10.95%. This results in an increase of \$46,504 not included as a pay plan and fringe supplement for the Home.
- On January 1, 1995, the Home made two pay adjustment corrections for two staff whose hourly rates were inaccurately portrayed on DOA central payroll printouts. These corrections have a continuing annual effect of \$544.
- The data used by DOA to calculate pay plan supplements did not include 14 staff on leave of absence. \$14,087 is needed to fund pay adjustments that were made on June 26, 1994, and for the pay grid adjustments on August 21, 1994, for these 14 staff who returned to work.
- DER established a Raised Minimum Rate for pharmacists in 1994. An increase of \$20,588 is necessary to fund the increased salary and fringe expenditures due to the new RMR for the Home's Pharmacists.
- The contract settlements for the laundry and food service workers increased the minimum hourly wage from \$6.58 to \$7.80 (18.55% increase) and for the nursing assistants from \$8.12 to \$8.83 per hour (8.76% increase). As a result, LTE hourly rates were raised accordingly because the department's policy is to pay LTE hourly rates two to four steps below permanent staff wage levels depending on classification and training. The amount to fund the LTE salary increase is \$58,745.
- The department is requesting \$50,010 to reflect the actual hours worked by each employe that are in addition to those hours captured on the state's position report. The state's methodology for calculating pay plan supplements is based upon an employe's percentage of FTE as reported on the position report. However, the Home allows its employes under 100% to work hours up to 100% because it is more cost effective to pay these employes straight time than it is to pay the 100% employes overtime at time and a half. These hours and all increases in contract settlements for these hours were not captured as part of the pay plan supplement. This results in additional salary costs for the Home. The Home is requesting funding for only those extra hours worked in excess of DOA's percentage which totals \$50,010.



The estimated annualized effect of these unbudgeted increases is \$219,873 and is calculated as follows:

<u>Salary Items</u>	<u>Salary</u>	<u>Fringe Benefits</u>	<u>Total</u>
New Positions Hired	\$24,055	\$ 5,340	\$29,395
Overtime & Holiday Pay	38,054	8,450	46,504
Printout Corrections	544	0	544
Leave of Absences	11,527	2,560	14,087
RMR for Pharmacists	16,848	3,740	20,588
LTE Hourly Rates	54,575	4,170	58,745
Actual Hours Worked	40,925	9,085	50,010
<b>Totals:</b>	<u>\$186,528</u>	<u>\$33,345</u>	<u>\$219,873</u>

As part of the 1995-97 biennial budget, the Home did take a 2% turnover reduction of \$339,600 annually. This reduction exceeds the amount that the Home is requesting for these unbudgeted pay plan increases. In addition, it could be argued that since the Home must provide 24 hour per day 365 day per year service to its members, no turnover really exists at the Home to generate the needed funding for additional pay plan increases not included as part of a pay plan supplement for the Home.

As part of the Home's efforts to minimize its request under the s. 16.515 process, the Home took several steps to reduce its need for additional salary and fringe benefits expenditure authority. The Home is able to request only \$119,083 for FY96 for the following reasons:

- The Home delayed filling 11.5 FTE new positions approved in the 1995-97 biennial budget resulting in one-time salary savings for FY96. Because the 11.5 FTE new positions will be filled by FY97, no future permanent salary savings is anticipated.
- The Home will transfer \$93,050 of LTE expenditure authority to the permanent salary expenditure line. Normally, the Home does not have a LTE budget surplus, but in FY96 the Home has had difficulty in recruiting LTE nursing assistants. The largest LTE workforce at the Home is nursing assistants. Unfortunately, LTE savings do not represent decreased costs for the Home in the long run. If there are not enough LTE nursing assistants to provide care to the Home, then permanent staff are required to work extra hours at the time and a half pay rate. This transfer of LTE savings results in a one-time savings for the Home for FY96 only.
- The Home will transfer \$38,510 of expenditures to numeric appropriation 121, (s. 20.485 (1)(gm), Sale of Fuel and Utility Service), for expenses associated with the sale of wastewater treatment services provided to the Waupaca Chain O' Lakes Sanitary District. Part of the labor costs of seven positions (\$16,900 salary, \$7,300 fringe benefits) and utilities costs (\$14,310 supplies and services) are charged to appropriation 121 and deducted from the request for appropriation 120. However, as provided for in the 1995-97 biennial budget, the Home will be connecting to the Waupaca sewer district in FY97. Once connected, the Home will no longer be generating revenues to transfer wastewater treatment expenses to appropriation 121. Therefore, the transfer of \$38,510 to appropriation 121 is a one-time deduction for FY96 in appropriation 120.

A summary of current expenditure authority and projected expenditures for FY96 is as follows:

<b>Current Expenditure Authority for FY96:</b>	
B-2 expenditure authority	\$32,059,300
FY95 Carryover Budget	40,153
Less: Unallotted reserve for Wastewater Treatment	(450,000)
Add: Estimated Pay Plan Supplements for Salary	195,083
Estimated Pay Plan Supplements for Fringe Benefits	<u>43,308</u>
<b>Total Expenditure Authority:</b>	<b>\$31,887,844</b>
Projected Expenditures for FY96:	
Permanent/Project Salaries	\$17,844,182
LTE Salaries	* 481,750
Fringe Benefits	7,509,442
Supplies and Services	5,766,167
Permanent Property	418,623
Municipal Services	<u>25,263</u>
<b>Total Projected Expenditures:</b>	<b>\$32,045,427</b>
Expenditure Transfer to Appropriation 121:	<u>(38,500)</u>
Net Expenditures:	<b>\$32,006,927</b>
<b>Expenditure Authority Shortfall for FY96:</b>	<b>(\$ 119,083)</b>

\* Includes LTE salary savings of \$93,050

With the requested s.16.515 increase in expenditure authority of \$119,100 in FY96 and \$219,900 in FY97, the projected revenues and expenditures in the Home's appropriation will result in a positive ending cash balance of \$639,576 for FY96 and \$221,592 in FY97.

In the 1995-97 biennial budget, the Home received funding of \$450,000 in unallotted reserve for FY96 and FY97 in its s. 20.485 (1)(gk) appropriation to connect with the Waupaca sewer district for wastewater treatment services, instead of building its own wastewater treatment facilities. However, the Home will not be connecting with the Waupaca sewer district in FY96 but is required to make an estimated payment of \$75,000 for its share of the interest expense on bonding to construct the new treatment plant, lift stations and pipeline for sewage transfer to Waupaca. Therefore, \$375,000 of unused expenditure authority is available in s. 20.485 (1)(gk) for the Home for FY96. The new treatment plant with the Waupaca sewer district should be fully operational in FY97 requiring the Home to need the \$450,000 of funding in unallotted reserve for FY97.

Since the JCF approved the department's request for unbudgeted pay plan increases for FY95 in the previous June 18, 1995, s. 16.515 request, it could be stated that the department's request for these continuing costs is justified in order to make the Home's appropriation whole for unbudgeted pay plan increases that continue to be carried over from one fiscal year to the next.

James R. Klauser  
May 7, 1996  
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**RECOMMENDATION**

Approve the request for one-time funding of \$119,100 for FY96 for unbudgeted pay plan increases, but allow the transfer of funding within appropriation s. 20.485 (1)(gk) from unallotted reserve. In addition, approve \$219,900 for FY97 on a continuing basis to fully fund the Home's unbudgeted pay plan increases carried over from FY95.

APR 19 1996

CORRESPONDENCE / MEMORANDUM

STATE OF WISCONSIN  
DEPARTMENT OF VETERANS AFFAIRS

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**Date:** April 15, 1996  
**To:** James Klauser, Secretary  
Department of Administration  
**From:** Raymond G. Boland, Secretary

**Subject:** s.16.515 Request for Appropriation 20.485(1)(gk) Institutional Operations

The Department of Veterans Affairs requests consideration under s. 16.515 to increase the expenditure authority for the Institutional Operations Appropriation (s.20.485(1)(gk)) by \$116,900 in FY 96 and \$219,900 in FY 97. This appropriation is a program revenue appropriation used to cover the operating costs of the Wisconsin Veterans Home (WVH) at King. During FY 95, several pay increases were implemented that were not covered by pay plan supplements. WVH had no control over these pay increases. The affects of these unbudgeted pay increases in FY 95 carry over to FY 96 and FY 97, which is why the Department of Veterans Affairs requested in its FY 95 s. 16.515 request that consideration be made to add expenditure authority on a continuing basis. The Joint Committee on Finance approved the requested supplement for 1994-95 but indicated that any supplement needed for 1995-97 would be considered in a separate s. 16.515 request.

The Department of Veterans Affairs operates the Wisconsin Veterans Home at King, which provides residential care, nursing and medical services, food service, and social and counseling opportunities to its members. The costs of operating the WVH are supported by four major revenue sources: (1) charges assessed against member's assets and income; (2) medical assistance payments; (3) federal Department of Veterans Affairs per diem payments; and (4) general fund appropriations (cemetery maintenance and debt service).

The department's Program Revenue institutional operations appropriation (s. 20.485(1)(gk)) is used to cover the operating costs of the Wisconsin Veterans Home at King. During FY 95, several pay increases were implemented that were not covered by pay plan supplements, including contract settlements with the laundry and food service workers and nursing assistants. These settlements raised the minimum hourly wages between 8.76% and 18.55%. These pay increases also affected LTE salaries. It is the department's policy to pay LTEs between two to four steps below permanent staff wage levels depending on the employee's classification and training. LTEs are vital to the WVH's operations because the WVH must provide adequate levels of nursing care and other support services 24 hours per day 365 days per year.

There were several unanticipated pay plan increases in FY 95 that have continuing effects into FY 96 and FY 97. They include the following:

- The 1993-95 budget authorized 6.5 FTEs for the WVH that were funded at the minimum salary range. Due to contract settlements, the minimum salary ranges were increased without a pay plan supplement and \$29,395 is necessary to fund the salary and fringe for these increases.
- The WVH's overtime and holiday pay projections included in the 1993-95 budget did not include increases based upon the patient care contract settlement of 10.95%. This results in an increase of \$46,504 not included as a pay plan and fringe supplement for the WVH.

- On January 1, 1995, the WVH made two pay adjustment corrections for two staff whose hourly rates were inaccurately portrayed on DOA central payroll printouts. These corrections have a continuing annual effect of \$544.
- The data used by DOA to calculate pay plan supplements did not include 14 staff on leave of absence. \$14,087 is needed to fund pay adjustments that were made on June 26, 1994, and for the pay grid adjustments on August 21, 1994, for these 14 staff who returned to work.
- DER established a Raised Minimum Rate for pharmacists in 1994. An increase of \$20,588 is necessary to fund the increased salary and fringe expenditures due to the new RMR for the WVH's Pharmacists.
- The contract settlements for the laundry and food service workers increased the minimum hourly wage from \$6.58 to \$7.80 (18.55% increase) and for the nursing assistants from \$8.12 to \$8.83 per hour (8.76% increase). As a result, LTE hourly rates were raised accordingly because the department's policy is to pay LTE hourly rates two to four steps below permanent staff wage levels depending on classification and training. The amount to fund the LTE salary increase is \$58,745.
- The department is requesting \$50,010 to reflect the actual hours worked by each employee that are in addition to those hours captured on the state's position report. The state's methodology for calculating pay plan supplements is based upon an employee's percentage of FTE as reported on the position report. However, the WVH allows its employees under 100% to work hours up to 100% because it is more cost effective to pay these employees straight time than it is to pay the 100% employees overtime at time and a half. These hours and all increases in contract settlements for these hours were not captured as part of the pay plan supplement. This results in additional salary costs for the WVH. The WVH is requesting the funding for only those extra hours worked in excess of DOA's percentage.

The estimated annualized affect of these unbudgeted increases is \$219,873 and is calculated as follows:

<u>Salary Items</u>	<u>Annualized Amount</u>		
	<u>Salary</u>	<u>Fringe</u>	<u>Total</u>
New positions hired	\$ 24,055	\$ 5,340	\$29,395
Overtime and holiday pay	38,054	8,450	46,504
Printout corrections	544	0	544
Leave of absences	11,527	2,560	14,087
RMR for pharmacists	16,848	3,740	20,588
LTE hourly rates	54,575	4,170	58,745
Actual hours worked	<u>40,925</u>	<u>9,085</u>	<u>50,010</u>
Totals	\$186,528	\$33,345	\$219,873

It could be argued that since the WVH staff must always be available to provide 24 hour per day 365 day per year service to its members, virtually no turnover exists at the WVH. Therefore, a turnover reduction should not be taken against the WVH's budget. However, the WVH did take a 2% turnover reduction (\$339,600 annually) in the 1995-97 biennium. This turnover reduction is greater than the WVH's request of \$219,873 for these pay plan related increases. The WVH's required continuous service to its members provides a legitimate justification for the department's request for funding.

The WVH has taken several steps to help reduce its need for additional salary and fringe expenditure authority. In the 1995-97 biennial budget, the WVH received 11.5 FTE new positions. In FY 96, there were some delays in filling some of these positions. These delays have resulted in salary savings. The

WVH has also generated savings in its LTE budget and will transfer \$93,050 of LTE budget authority to the permanent salary line. It is unusual for the WVH to have a LTE budget surplus, but this fiscal year the WVH has been finding it extremely difficult to recruit LTE nursing assistants. A large part the LTE work force at the WVH is nursing assistants. The WVH has had to go to a critical recruitment status for nursing assistants. Although the inability to recruit LTE nursing assistants results in LTE savings, it actually results in higher costs to the WVH. The WVH must provide 24 hour a day care to its members. If there are not enough LTE nursing assistants to provide this care, then the permanent staff are required to work extra hours to cover the staff shortage. These extra hours are often in overtime status at time and a half pay. In addition to the salary savings and LTE budget transfer, there are expenses that will be moved to appropriation 121 because they deal with the sale of wastewater treatment services to area residences. The delays in filling some positions, the transfer of LTE budget, and the transfer of expenses to appropriation 121 will generated enough savings to reduce this request from \$219,873 to \$116,883 for FY 96.

A summary of current expenditure authority and projected expenditures for FY 96 is provided in the following table:

Current expenditure authority:		
B-2 expenditure authority	\$32,059,300	
FY 95 carryover budget	40,153	
Less: Unallotted reserve for wastewater treatment	(450,000)	
Add: Estimated pay plan supplements for:		
salary	195,083	
fringe	<u>43,308</u>	
Total expenditure authority	\$31,887,844	
Projected Expenditures for FY 96:		
Permanent/Project salaries	\$17,844,182	
LTE salaries	481,750	{savings of \$93,050}
Fringe benefits	7,509,442	
Supplies and services	5,766,167	
Permanent Property	418,623	
Municipal Services	<u>25,263</u>	
Total projected expenditures	\$32,045,427	
Expenditure Transfers to appn. 121	<u>(40,700)</u>	
Net expenditures	\$32,004,727	
Expenditure authority shortfall for FY 96	(\$ 116,883)	

It is anticipated that the new positions will all be filled by FY 97 and therefore the permanent salary savings will not occur in FY 97. It is uncertain if there will be LTE savings in FY 97. If the recruitment problems for LTE nursing assistant positions does not improve, then there will be some LTE savings. The LTE savings will be offset by increased permanent salaries cost because permanent staff will need to cover the shifts that the LTEs usually worked. Some of these permanent staff may be earning time and a half pay because they will be in overtime status. In addition, the WVH will be hooking up to the Waupaca sewer district in FY 97, which means the WVH will no longer be generating revenues that will allow them to transfer wastewater treatment expenses to appropriation 121. It is estimated that because of the combination of these situations, the WVH will need the entire \$219,873 of additional budget authority in FY 97.

Attached is a B-3 form detailing revenue and expenditure projections for FY 96 and FY 97. Even with the requested increase in expenditure authority, the WVH projects a positive ending balance of \$641,776 in FY 96 and \$223,892 in FY 97. Therefore, it is requested that this s. 16.515 for increased spending authority be approved in the amount of \$116,900 in FY 96 and \$219,900 in FY 97.

Thank your for your assistance with this matter. If you have any questions or need additional information, please call Ken Abrahamsen at 266-0117.

cc: Ken Abrahamsen, WDVA  
Robert Cocroft, WDVA  
Steve Handrich, WVH  
Pam Henning, DOA  
David Larsen, WDVA  
Tim Mero, WDVA  
Steve Stead, WVH

REVENUE AND  
BALANCES FORM  
B-3

PAGE 1

TITLES

DEPARTMENT	PROGRAM	FUND	NUMERIC APPROPRIATION	DECISION ITEM	REVENUE TYPE
					Veterans Affairs
					Home for Veterans
					General Fund
					Institutional Operations
					Medicaid Upper Limit at \$110

	REVENUE AND EXPENDITURES	FISCAL 95 ACTUALS	FY 96 ESTIMATE	FY 97 ESTIMATE
1	OPENING BALANCE	141,647	(339,295)	641,776
2		12,220,689	12,377,605	12,787,975
3	Member Contributions	12,804,640	13,946,873	13,998,302
4	Medical Assistance <sup>1</sup>	6,605,270	7,377,684	7,723,014
5	VA per Diems	9,472		(991,400)
6	Misc Revenue	(2,158,367)	(582,200)	
7	Reserve for Lapse to General Fund			
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19				
20		29,481,704	33,119,962	33,517,891
21	TOTAL REVENUE	29,623,351	32,780,667	34,159,667
22	TOTAL AVAILABLE	29,962,646	32,059,300	32,472,200
23	B-2 EXPENDITURES TOTAL	(40,700)	60,000	895,174
24	Expenditure transfers (sale of fuel and utilities)			268,600
25	EMPLOYEE COMPENSATION RESERVES <sup>2</sup>		80,000	80,000
26	Health Insurance Costs Reserve <sup>3</sup>		(375,000)	
27	Financial Service Charges Reserves		238,391	
28	Fuel and Utilities Reserve for wastewater treatment <sup>4</sup>			
29	Pay Plan Supplement <sup>5</sup>		116,900	219,800
30	Fringe Benefit Supplement			33,935,774
31	Salary Supplement 16.515 Request	29,962,646	32,138,891	
32	TOTAL EXPENDITURES & RESERVES	(339,295)	641,776	223,892
33	CLOSING BALANCE			

<sup>1</sup>Note: Medical Assistance for FY 97 is estimated based upon the interim MA rate from 7-1-93. New rates will be calculated from the cost report. MA for FY 97 contains an estimate of \$1.7 million in retro payments from FY 96 services.

\*\*\*\* Projections beyond FY 97 will not be possible until the new interim MA rate is known.

<sup>2</sup>Note: For FY 96 this is the projection for bargaining units that have not yet settled. In FY 97, this is the projected pay plan supplement for all bargaining units.

<sup>3</sup>Note: For FY 97, this is the anticipated increase in health insurance costs.

<sup>4</sup>Note: The WWH received \$450,000 of budget in unallotted reserve in both FY 96 and FY97 for wastewater treatment services from the Waupaca Sanitary District. The connection to the Waupaca Sanitary District is not complete yet. Therefore, there will be savings of \$375,000 in FY 96.

<sup>5</sup>Note: Based on information from DOA.

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# STATE OF WISCONSIN

SENATE CHAIR  
TIM WEEDEN

LL1, 119 Martin Luther King Jr. Blvd.  
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Phone: 608-266-2253



ASSEMBLY CHAIR  
BEN BRANCEL

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Madison, WI 53708-8952  
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## JOINT COMMITTEE ON FINANCE

May 28, 1996

Secretary James R. Klauser  
Department of Administration  
101 East Wilson Street, 10<sup>th</sup> Floor  
Madison, WI 53707

Dear Secretary Klauser:

This is to inform you that the members of the Joint Committee on Finance have reviewed the May 6, 1996 request pursuant to 16.505/515 (2) regarding the Department of Natural Resources funding for the MacKenzie Environmental Center.

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

Handwritten signature of Ben Brancel in cursive.

BEN BRANCEL  
Assembly Chair

Handwritten signature of Tim Weeden in cursive.

TIM WEEDEN  
Senate Chair

cc: Secretary George Meyer, Department of Natural Resources  
Members, Joint Committee on Finance  
Linda Nelson, Department of Administration  
Robert Lang, Legislative Fiscal Bureau

# STATE OF WISCONSIN

SENATE CHAIR  
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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

TO: Joint Finance Members

FROM: Representative Ben Brancel  
Senator Tim Weeden  
Co-Chairs, Joint Committee on Finance

DATE: May 7, 1996

RE: 16.515/505(2) Request  
DNR, Education Programs - Program Fees; MacKenzie  
Environmental Center

Attached is a copy of a request from the Department of Administration dated May 6, 1996 pursuant to 16.515/16.505(2) pertaining to requests from the Department of Natural Resources.

Please review this item and notify Representative Brancel's office no later than Friday, May 24, 1996, 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 further information.

BB:TW:dr

5-6-96

**CORRESPONDENCE MEMORANDUM**

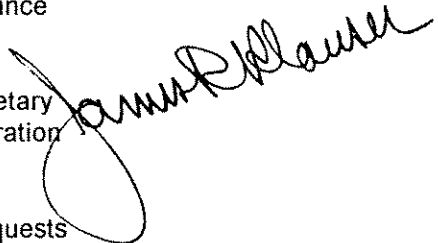
**STATE OF WISCONSIN  
Department of Administration**

**Date:** May 6, 1996

**To:** The Honorable Tim Weeden, Co-Chair  
Joint Committee on Finance

The Honorable Ben Brancel, Co-Chair  
Joint Committee on Finance

**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>1995-96</u>		<u>1996-97</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DNR 20.370(5)(gb)	Education Programs -- Program Fees; MacKenzie Environmental Center	\$7,900		\$11,400	

As provided in s. 16.515, this request will be approved on May 28, 1996, 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 Linda Nelson at 266-3330, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

**Date:** April 25, 1996

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

**From:** Kirsten M. Grinde *KMG*  
Policy and Budget Analyst

**Subject:** Request under s. 16.515 from the Department of Natural Resources for Increased Expenditure Authority for the Bureau of Information and Education

**Request**

The Department of Natural Resources (DNR) requests increased spending authority under s. 16.515 of \$20,000 PR annually in FY96 and FY97 in s. 20.370 (5)(gb) (education programs -- program fees) to reflect actual fee receipts from the MacKenzie Environmental Center. The additional spending authority will be applied to the salary and fringe benefits cost of the 1.0 PR FTE program coordinator position and other support costs.

**Revenue Source for Appropriation**

Revenues deposited in s. 20.370 (5)(gb) (education programs -- program fees) are generated through fees paid by participants in departmental environmental education programs offered at the MacKenzie Environmental Center. The fees may not exceed the cost of conducting the programs.

**Background**MacKenzie Environmental Center

The MacKenzie Environmental Center was established in 1961 as a center for the study of conservation. The center grew out of educational exhibits that were created as part of the Poynette Game Farm. Recognizing the educational opportunities at the Game Farm and the focusing of propagation efforts on ring-necked pheasants, a decision was made to transfer about 250 acres from the Game Farm to the department's Bureau of Information and Education. The Game Farm continues to propagate and stock ring-necked pheasants for public hunting grounds in Wisconsin. The Game Farm operations are closed to the public.

Currently, the MacKenzie Environmental Center consists of several museums, self-guiding trails, a wildlife exhibit, pine plantation, deciduous area, picnic area, and

residential facilities (allowing overnight stays). The center is open to the public all year and general admission is free. Organized groups may reserve the resident center for single- or multiple-day use. Educational services are provided for these groups, and a fee is charged to cover costs.

### **Analysis**

The 1995-97 biennial budget (Act 27) created s. 20.370 (5)(gb) (education programs -- program fees), a program revenue, annual appropriation for all fees received by DNR to cover departmental environmental education program costs at the MacKenzie Environmental Center. Act 27 provided \$40,000 PR each fiscal year under this new appropriation.

The budget also created 1.0 PR FTE position funded from the appropriation. The center's program coordinator functions were to be funded through program revenue to relieve some of the pressure on DNR's SEG funds. However, the cost of the program coordinator's salary and fringe benefits exceeds the current spending authority of \$40,000, so different responsibilities were assigned to the new position. The higher cost program coordinator position is currently being funded from Conservation Fund SEG revenues. However, as a means of meeting a shortfall in Conservation Fund SEG revenues, DNR is requesting an increase in the program revenue appropriation to fund the \$43,300 cost of the program coordinator position.

The remaining increase of \$16,700 PR would cover the costs of support staff, supplies and services, and capital equipment. All of these costs are related to the department's educational programs offered at the center. Examples of these costs include LTE staff for peak school group times and repair and replacement of audiovisual equipment and kitchen appliances.

In conjunction with the creation of the appropriation under s. 20.370 (5)(gb), DNR implemented a new fee structure for departmental educational programs at the center. The new fee structure increased the overnight fee charged to groups staying at the center's residential facilities from \$4 per night per person with a minimum per group of \$75 a night to \$7 per person per night with a minimum per group of \$150 a night. Two new fees were also implemented: 1) a materials fee of \$10 per group per day and 2) a day use fee for the residential facilities of \$2 per person per day with a minimum per group of \$50 a day.

The basis of this request is the expectation that fee revenues will exceed \$40,000 in each fiscal year. Table 1 summarizes the actual and projected receipts for FY95 to FY97.

**Table 1: MacKenzie Environmental Center Actual and Projected Annual Receipts**

	FY95 Actual		FY96 Projected		FY97 Projected	
	Rate	Receipts	Rate	Receipts	Rate	Receipts
Overnight Fee	\$4/person; \$75/group min.	\$32,200	\$7/person; \$150/group min.	\$44,900	\$7/person; \$150/group min.	\$48,400
Materials Fee	None	0	\$10/group	2,000	\$10/group	2,000
Day Use Fee	None	0	\$2/person; \$50/group min.	1,000	\$2/person; \$50/group min.	1,000
<b>Total</b>		<b>\$32,200</b>		<b>\$47,900</b>		<b>\$51,400</b>

As Table 1 illustrates, DNR estimates that the program fees collected in FY96 and FY97 will exceed the budgeted spending authority of \$40,000. Based on average use over the past five years, the center estimates that each year 4,342 students will stay an average of 1.63 nights each. This estimate has been modified by two factors: 1) the increase in fees will reduce use of the facilities and 2) the center is negotiating a contract with the Milwaukee County Zoo. The Zoo wants to reserve the center's facilities for the month of July each year for a summer camp. Revenues from this camp are estimated to be \$3,500.

Revenues from the materials and day use fees are not expected to be significant. Although the center had 250 day use groups in FY95, the new materials fee is expected to reduce the number of groups using the center's prepared materials. As a result, the center estimates 200 groups will continue to use the materials. In addition, since priority is given to groups who plan overnight use of the residential facilities and many requests are received for overnight stays, day use by groups is expected to produce little revenue.

As the figures in Table 1 above indicate, anticipated FY96 and FY97 revenues will not be sufficient to cover the full amount of the requested increase in expenditure authority. However, the revenues will exceed the current spending authority of \$40,000. As a result, the requested increases have been adjusted accordingly. Table 2 outlines the estimated position and support costs.

**Table 2: Adjusted Program Budget**

	<u>FY96</u>	<u>FY97</u>
Office Manager*	\$40,000	\$ 0
Program Coordinator*	0	43,300
LTE Staff*	1,000	3,000
Supplies and Services	6,900	3,600
<u>Capital Equipment</u>	<u>0</u>	<u>1,500</u>
<b>Total</b>	<b>\$47,900</b>	<b>\$51,400</b>

\*Salary and fringe benefits costs included.

**Recommendation**

Modify the request by providing increases of \$7,900 PR in FY96 and \$11,400 PR in FY97 under s. 20.370 (5)(gb) (education programs -- program fees) to fund the salary and fringe benefits cost of the MacKenzie Environmental Center program coordinator in FY97 and the on-going costs of offering departmental educational programs at the center.

KG

CORRESPONDENCE/MEMORANDUM

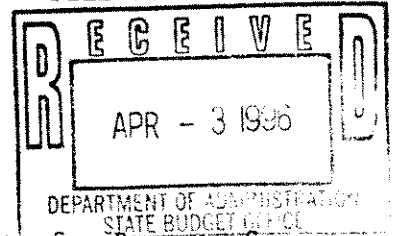
DATE: March 22, 1996

TO: Richard G. Chandler, State Budget Director  
Department of Administration

FROM: George Meyer, Secretary  
Department of Natural Resources

SUBJECT: Spending Authority Request under s. 16.515 Wis stats for Bureau of Information and Education

FILE REF: 9310



The Department of Natural Resources requests increased spending authority under s. 16.515 in Appropriation (5)(gb) for the Bureau of Information and Education. We are requesting that the current spending authority of \$40,000 be increased to \$60,000 in FY 1996 and in FY 1997 to cover actual fee receipts.

The 1995-97 biennial budget, 1995 Act 27, created s. 20.370(5)(gb), a program revenue appropriation for educational activities at the MacKenzie Environmental Center. All moneys received from fees collected under s. 23.405(2) for the use of the MacKenzie Environmental Center shall be credited to this appropriation; s. 23.405(2) authorizes the Department to charge fees to participants in departmental environmental education programs. Act 27 also created \$40,000 spending authority each year in Appropriation (5)(gb).

The Department has implemented three new fees/fee increases at the MacKenzie Environmental Center this fiscal year: (1) The fee for overnight programs was raised from \$4 per person per night with a minimum of \$75 per group to \$7 per person per night with a minimum of \$150 per group. (2) A new materials fee of \$10 per group was implemented for daytime users. (3) Users who do not spend the night at the Center but use the facilities are charged \$2 per person with a minimum of \$50 per group per day.

The 1996 fiscal year is somewhat atypical and more difficult to predict since it represents the first year of the new fee implementation. The Department has collected \$30,000 to date. A simple projection for the balance of the year would suggest revenues totaling \$42,300. However, initial revenues in FY 96 are artificially reduced by the fact that reservation and payments are typically made up to 12 months in advance. So payments collected in the first part of the fiscal year represent primarily the balance due after the fee increases. In addition, in May the Department will begin accepting reservations and payments for Winter 1996/Spring 1997, which is the heaviest enrollment period.

An additional factor is a special contract currently being negotiated with the Milwaukee Zoo. This four-week contract is anticipated to bring up to 60 children a week for this coming July, totaling approximately \$7,000. We would expect to receive payment in FY 96.

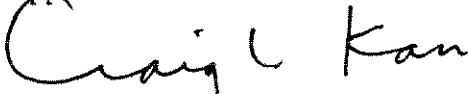


Revenues collected in FY 1997 are anticipated to reach at least \$52,000 and will represent a full year of collections at the new rates. This estimate is based on average use over the past five years, as follows: (1) The Center has averaged 4,342 students staying 1.63 nights each. At \$7 per night, this fee will generate \$49,400 in income. (2) \$10/day per group for materials for 200 groups = \$2,000. (3) The day use fee is not anticipated to bring in significant revenue because overnight stays take precedence over day use, and there is typically more demand for overnight use than can be met. In addition, the Center is offering rental of the buildings to outside users on week-ends. It is too early to tell what revenue this rental may generate.

If you have any questions regarding this request, please contact Joy Stewart in the Bureau of Management and Budget at 266-2159.

Thank you for your assistance.

Approved:



Craig Karr, Administrator

3-25-96

Date

cc: Cathy Cliff - IE/6  
Ron Klein - FN/1  
Susan Felker-Donsing - MB/5  
Craig Karr - CA/8  
Joy Stewart - MB/5



## Legislative Fiscal Bureau

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

May 23, 1996

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources--Section 16.515 Request for Increased Program Revenue Expenditure for the MacKenzie Environmental Center

On May 6, 1996, a s. 16.515 request relating to the Department of Natural Resources (DNR) was forwarded to the Joint Committee on Finance. The Department of Administration (DOA) proposed an increase of \$7,900 PR in 1995-96 and \$11,400 PR in 1996-97 for salary, fringe benefit, permanent property and supplies and services costs at the MacKenzie Environmental Center. The additional salary funds would be used to pay higher than budgeted salary amounts and to hire LTE staff. DNR had requested an increase of \$20,000 PR annually.

If no objections are raised, this request will be approved on May 28, 1996.

### BACKGROUND

As part of the 1995-97 budget bill, the Governor recommended deleting all funding provided to the MacKenzie Environmental Center. During the Joint Committee on Finance's budget deliberations, DNR staff indicated that the 1994-95 adjusted base for the Center was \$368,300 and 7.0 positions annually. DNR, working with the Governor's staff, developed a compromise proposal to restore all but \$47,400 and 1.0 position annually of the Center's base budget. The DNR Secretary stated that the annual reduction from the Center's base would be offset by the more efficient use of facility repair workers between the Center and the Poynette Game Farm.

The Committee recommended this compromise to the Legislature and 1995 Act 27 (1995-97 biennial budget) provided \$320,900 and 6.0 positions annually for the MacKenzie Environmental Center as follows: (a) \$150,400 SEG and 3.0 SEG positions from the

conservation fund; (b) \$130,500 SEG and 2.0 SEG positions from the environmental fund; and (c) \$40,000 PR and 1.0 PR position from program user fees. In addition, an annual PR appropriation for DNR educational activities funded from program user fees collected at the Center was created. As directed by current law, all revenues collected for educational activities at the Center are credited to this new appropriation. However, DNR's authority to spend these revenues is limited to the amounts provided in the Chapter 20 schedule (currently, \$40,000 annually).

## ANALYSIS

On July 1, 1995, DNR created new fees and increased the existing fees collected for environmental education programs at the MacKenzie Environmental Center. It is estimated that DNR will collect approximately \$52,500 annually in fee revenues.

Under the s. 16.515 process, the DOA Secretary may propose to supplement a sum certain program revenue appropriation that the Secretary determines is insufficient because of unforeseen emergencies or is insufficient to accomplish the purpose for which the appropriation was made, if the Secretary finds all three of the following: (a) an emergency exists; (b) no funds are available for such purposes; and (c) the purposes for which a supplemental appropriation is requested have been authorized or directed by the Legislature.

Although the Committee is not required to review DOA's request by assessing whether the aforementioned three criteria have been met, this may be a useful basis for such a review. DOA staff indicate that these criteria were met as follows: (a) an emergency exists because hunting and fishing fees were not increased during the most recent legislative session and DNR has reduced program expenditures (including the Poynette Game Farm) funded from the conservation fund; (b) the three appropriations created in Act 27 to fund the Center are fully utilized; and (c) the PR appropriation was created specifically for educational activities at the Center.

1995 Act 27 created an annual PR appropriation instead of a continuing PR appropriation for the expenditure of the fee revenues collected at the Mackenzie Environmental Center. By creating an annual appropriation, the Legislature determined that, regardless of the amount of fees collected, DNR would be authorized to spend only the amounts set in the Chapter 20 schedule (currently, \$40,000 annually). During the budget deliberations, the \$40,000 amount represented an estimate of the level of fee revenues that would be collected on an annual basis at the Center. Therefore, although the Legislature anticipated spending all the revenues collected, this decision was made in the context of setting an annual appropriation. Alternately, if the Legislature had intended to give DNR the authority to spend whatever revenues were collected, a continuing appropriation could have been created.

## **FISCAL EFFECT**

If the Committee does not object to DOA's proposal it is estimated that on June 30, 1997, \$5,700 in fee revenues would exist as a balance in the PR appropriation. If the Committee denies DOA's request, it is estimated that on June 30, 1997, \$25,000 in fee revenues would exist as a balance in the PR appropriation. These revenues would be available for future expenditure at the MacKenzie Environmental Center if authorized by the Legislature.

Prepared by: Bob Soldner

# STATE OF WISCONSIN

SENATE CHAIR  
TIM WEEDEN



ASSEMBLY CHAIR  
BEN BRANCEL

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## JOINT COMMITTEE ON FINANCE

May 16, 1996

Mr. James R. Klauser, Secretary  
Department of Administration  
101 E. Wilson Street, 10th Floor  
Madison, WI 53707

Dear Secretary Klauser:

On April 26, 1996, s. 16.515 requests for the Department of Revenue and the State Treasurer's Office were submitted from you to us for approval by the Joint Committee on Finance.

The request for the Department of Revenue for an increase of \$17,000 PR in 1995-96 and \$5,700 PR in 1996-97 in appropriation s. 20.566(1)(h) [debt collection] is approved.

Based on discussions with and updated information from the Office of the State Treasurer, that Office has indicated that its projected supplement need is now estimated at \$1,700 PR in 1995-96. Therefore, the Committee will approve the request at that lower amount as indicated in the Office's revised request, unless you notify us by May 24, 1996, that you wish us to schedule a meeting of the Committee to review the request. Further, it is understood that this is a one-time need that will not recur in 1996-97.

Sincerely,

Handwritten signature of Ben Brancel in cursive.

BEN BRANCEL  
Assembly Chair

Handwritten signature of Tim Weeden in cursive.

TIM WEEDEN  
Senate Chair

BB/TW/kc

cc: Members, Joint Committee on Finance  
Michael Collins, State Treasurer's Office  
Linda Nelson, DOA

# STATE OF WISCONSIN

SENATE CHAIR  
TIM WEEDEN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

TO: Joint Finance Members

FROM: Representative Ben Brancel  
Senator Tim Weeden  
Co-Chairs, Joint Committee on Finance

DATE: April 26, 1996

RE: 16.505/515 (2) Request *DOR State Treasurer*

Attached is a copy of a request from the Department of Administration dated April 26, 1996 pursuant to 16.505/515 (2) pertaining to requests from the Department of Revenue and the State Treasurer's Office.

Please review these items and notify Representative Brancel's office no later than Thursday, May 16, 1996 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 further information.

BB:TW:kc

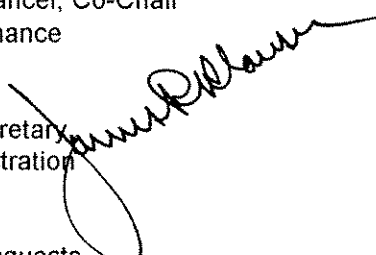
**CORRESPONDENCE MEMORANDUM**

**STATE OF WISCONSIN  
Department of Administration**

**Date:** April 26, 1996

**To:** The Honorable Tim Weeden, Co-Chair  
Joint Committee on Finance

The Honorable Ben Brancel, Co-Chair  
Joint Committee on Finance

**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>1995-96</u> <u>AMOUNT</u>	<u>FTE</u>	<u>1996-97</u> <u>AMOUNT</u>	<u>FTE</u>
DOR 20.566(1)(h)	Debt Collection	\$17,000		\$5,700	
ST TREAS 20.585(1)(g)	Processing Services; Expenditures, Local Government Investment Pool	\$15,500			

As provided in s. 16.515, this request will be approved on May 17, 1996, 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 Linda Nelson at 266-3330, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

## CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN  
Department of Administration

*Date:* April 19, 1996

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

*From:* Paul Ziegler, Policy and Budget Analyst  
State Budget Office



*Subject:* Request under s. 16.515 from the Department of Revenue for expenditure authority for the collection of debts owed to state agencies, counties, and municipalities.

Request:

The Department of Revenue (DOR) requests additional expenditure authority of \$17,000 in FY96 and \$5,700 in FY97, in s. 20.566(1)(h) Debt Collection, for costs related to the reduction of tax refunds for amounts owed to state agencies, municipalities, and counties. The FY97 request is for ongoing funding.

Revenue Source for Appropriation:

The source of revenue for the s. 20.566(1)(h) Debt Collection appropriation is the portion of debt setoffs that the department retains to cover its administrative expenses. Currently, the department retains 1.5% of the amounts collected. This percentage may be adjusted annually by the department.

Background:

A state agency may request the Department of Revenue to reduce a taxpayer's refund for the amount that the taxpayer owes the state agency. While these setoffs are most frequently done for delinquent child and spousal support payments, any debt in excess of \$20 may be subtracted from a tax refund. In FY95, the department completed almost \$9.5 million in setoffs for the following departments:

<u>Agency</u>	<u>Amount</u>
Health and Social Services	\$8,824,863
Industry, Labor and Human Relations	\$580,719
Veterans Affairs	\$36,074
Transportation	\$12,214
Other	<u>\$1,754</u>
TOTAL	\$9,455,624

In 1995 Act 27, the scope of refund setoffs was expanded to allow a municipality or county to request DOR to setoff unpaid fines, fees, or forfeitures. The department received no additional expenditure authority for this new activity.



Analysis:

The department's request is divided into two components:

	FY96	FY97
Postage costs for agency setoffs	\$2,400	\$2,400
Startup costs for county and municipal setoffs	\$14,600	\$3,300
TOTAL	\$17,000	\$5,700

*Postage costs for agency setoffs*

In recent years, DOR has completed an increasing number of setoffs and, consequently, collected an increasing amount of debt owed to the state. The increase is a result of more aggressive attempts by state agencies to collect debts, including overpayments of entitlements. Setoffs in the last four fiscal years were as follows:

	<u>Number</u>	<u>Amount</u>
FY92	26,346	\$5,583,086
FY93	28,272	\$6,235,479
FY94	34,994	\$8,039,820
FY95	39,806	\$9,455,624

In the 1995-97 budget, DOR requested and received an adjustment to its postage budget for the debt collection appropriation. This adjustment, however, amounted to only \$500 and only covered the increase in postage rates. No adjustment has been made for the increase in the number of setoffs -- which have grown by 51% since FY92. The requested increase of \$2,400 should be approved since it provides an increase to accommodate this growth.

*Startup costs for county and municipal setoffs*

DOR has surveyed all 1,921 counties and municipalities in the state to determine the possible scope of debt setoffs these local governments may request. From this information, the department anticipates that about 48,000 debts may be certified for setoff at the beginning of the program for a total about \$5.1 million. Ongoing setoff requests are estimated to number about 13,000 each year for roughly \$1.5 million annually.

To facilitate the transfer of information necessary to administer the county and municipal debt setoff program, the department is requesting funding to establish a computer bulletin board service. This automated system will allow electronic transfer of setoff requests, requests for verification that the debts are still unpaid at the time of setoff, and setoff notices. This electronic system will avoid data entry costs since the setoff requests will be received by DOR in a standardized electronic format that will be downloaded from the bulletin board. Substantial postage costs between local governments and DOR will also be avoided. The computer bulletin board service will be accessed by modem. Up to ten counties and/or municipalities will be able to use the service at one time.

To establish the system, the department requests funding for a personal computer, bulletin board software, modems, phone lines, and wiring. The department further requests minor amounts for travel to meet with local officials, printing and mailing of an informational publication on the program, and the local government survey. The costs are detailed as follows:

	<u>FY96</u>	<u>FY97</u>
Personal computer	\$6,000	
Software	\$900	
Modems	\$4,000	
Phone installation & wiring	\$1,300	
Phone service	\$800	\$3,000
Publication printing & postage	\$800	\$100
Survey postage	\$600	
Travel	<u>\$200</u>	<u>\$200</u>
TOTAL	\$14,600	\$3,300

DOR has indicated that it will likely request additional expenditure authority for this new program once the actual activity level is known.

Recommendation:

Approve the request of \$17,000 in FY96 and ongoing funding of \$5,700 in FY97.



State of Wisconsin • DEPARTMENT OF REVENUE

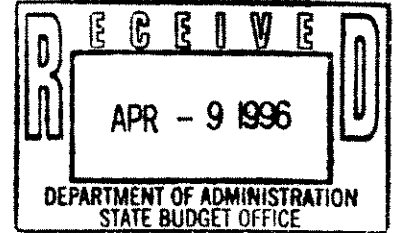
125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53706-8933 • 608-266-6466 • FAX 608-266-5718

Tommy G. Thompson
Governor

Mark D. Bugher
Secretary of Revenue

MEMORANDUM

April 1, 1996



TO: Richard G. Chandler
State Budget Director

FROM: Mark D. Bugher
Secretary of Revenue

PZ CC: JK
RGL
LU
JM

SUBJECT: s. 16.515 for Increased Expenditure Authority in s. 20.566(1)(h) - Debt Collection

SUMMARY OF REQUEST

The Department of Revenue (DOR) requests an increase of \$17,000 in fiscal year 1995-96 and ongoing funding of \$5,700 in fiscal year 1996-97 in s. 20.566(1)(h) related to an increase in postage costs for the agency setoff program and start-up costs for the county and municipal debt setoff program.

BACKGROUND OF REQUEST

The Debt Collection appropriation currently funds activities under s. 71.93 related to collection of state agency debts through setoff of individual income tax refunds. Under 1995 Wisconsin Act 27, debt collection activities were expanded in s. 71.935 to include setoffs for county and municipal debts.

ADDITIONAL FUNDING ANALYSIS

Agency Setoff Program Postage

The agency setoff program continues to increase in number and amount of setoffs each year. The following is a chart showing the growth over the past three fiscal years:

Table with 5 columns: Year, Number of Setoffs, Percent Increase, Amount of Setoffs, Percent Increase. Rows for 1991-92, 1992-93, 1993-94, 1994-95.

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April 1, 1996  
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The current postage budget for setoff notices and related correspondence for fiscal year 1995-96 is \$5,400. Due to the continued growth of the program, postage costs are projected to be \$7,800 this fiscal year. The Department is requesting ongoing funding of \$2,400 in each year.

#### County and Municipal Debt Setoff Program Start-Up Costs

To administer the county and municipal debt setoff program, the Department is developing a computer bulletin board service for transmitting certified debt information, updates, verifications and miscellaneous notices between the department and local governments. This will be a dial-up system through use of a modem.

A dedicated personal computer (PC) with a multi-port adapter at \$6,000 and bulletin board software at \$900 will be required for this system. Cost for electrical wiring will be \$300. Ten telephone lines at \$100 each and 10 modems at \$400 each need to be acquired to allow access to the bulletin board. The annual telephone service charges are expected to be \$300 per line.

Both mainframe and PC programming will be needed for county and municipal debt collections. Mainframe programs will be modified to accommodate additional debtors and accept input from the bulletin board PC. New PC programs will be created to transfer data to and from the bulletin board and mainframe and to perform processing tasks. These one-time programming activities are expected to take approximately 500 hours and will be absorbed. Ongoing systems maintenance for both agency and county/municipal setoffs may require additional programming staff at a future date. This would be addressed in a subsequent request.

The Division of Income, Sales and Excise Taxes surveyed all 1,921 Wisconsin counties and municipalities to determine which local governments are interested in participating in the new program and the number and amount of debts they will certify. The postage costs for this survey were \$600. This survey indicated a total of 48,328 debts could be certified initially, for a total of \$5,100,600. 13,177 debts were estimated to be certified annually in subsequent years, for a total of \$1,572,600.

A publication on debt setoffs will be printed for all 1,921 Wisconsin counties and municipalities in fiscal year 1995-96. It is anticipated the cost of this publication will be \$300 for printing and \$500 for postage. Annually, 250 copies of the publication will be printed for newly registered local governments at a cost of \$50.

The Department is also requesting \$200 annually for anticipated travel costs for meeting with local government officials.

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The Department is only requesting start-up costs at this time until there is actual experience with the program and the number and amount of debts certified is actually known. The Department is anticipating a subsequent s. 16.515 for future costs for the program, including staff resources for ongoing activities.

The following is a summary of the amounts requested in each year:

	<u>1995-96</u>	<u>1996-97</u>
Agency Setoffs:		
Postage	\$ 2,400	\$2,400
County/Municipal Setoffs:		
Personal computer	6,000	
Bulletin board software	900	
Telephone lines	1,000	
Electrical wiring	300	
Modems	4,000	
Telephone service	800	3,000
Postage		
Survey	600	
Publication	500	
Printing		
Publication	300	100
Travel	<u>200</u>	<u>200</u>
Total Request	\$17,000	\$5,700

#### APPROPRIATION BALANCE ANALYSIS

An appropriation balance analysis is presented below. The revenue estimate assumes a 4% annual growth for the agency setoff program. It does not include a projection of revenue resulting from the county and municipal debt setoff program. Projected expenditures include the requests for one-time and ongoing funding.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>
Beginning Balance	\$235,900	\$231,000	\$241,500	\$256,600
Projected Revenue	157,900	164,200	170,800	177,600
Projected Expenditures	(161,600)	(150,400)	(150,400)	(150,400)
Reserves	(1,200)	(3,300)	(5,300)	(7,400)
Ending Balance	\$231,000	\$241,500	\$256,600	\$276,400

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REVENUE SOURCE FOR APPROPRIATION

The source of revenue deposited in the appropriation under s. 20.566(1)(h), Debt Collection, is the administrative rate charged against the collection of debts owed to state agencies through setoff of individual income tax refunds.

cc: D. Hardt  
V. Siekert  
B. Matthiesen  
R. Grade

**Date:** April 22, 1996

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

**From:** Michelle New *mnew*  
State Budget Office

**Subject:** Request Under s. 16.515 from the State Treasurer for expenditure authority related to the Local Government Investment Pool.

**REQUEST:**

The State Treasurer requests increased expenditure authority of \$15,500 PR in FY 96 to cover costs associated with Local Government Investment Pool publications.

**REVENUE SOURCES FOR APPROPRIATION:**

Appropriation s. 20.585 (1)(g), Processing Services, is funded from assessments under s. 25.50 (7). The costs of administering the Local Government Pool are applied against the earnings of the fund.

**BACKGROUND:**

After the State Investment Board disclosed its derivative transactions and corresponding losses in March 1995, several steps were taken to address the immediate considerations of investors. Concerns expressed by the Local Government Investment Pool were particularly important to address promptly as the LGIP is the largest single investor in the State Investment Funds. In order to help maintain LGIP investor confidence in SWIB funds, the Treasurer published and mailed an updated LGIP manual to each fund participant.

In an attempt to address investor demands for increased monthly reports, a second project was also undertaken at this time. The "Pool Page", a monthly LGIP newsletter was created in an effort to disseminate accurate and more timely information to each LGIP investor. Both publications were viewed as necessary to ease concerns and answer questions expressed by fund participants.

**ANALYSIS:**

Both of these publications were unanticipated expenditures in the 1995-97 biennial budget. Funding for these projects can not wait until the next biennial budget as outstanding balances will leave this appropriation underfunded by approximately \$15,000.

Tommy G. Thompson, Governor  
April 22, 1996  
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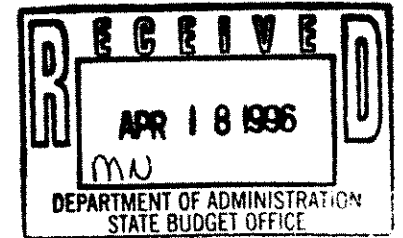
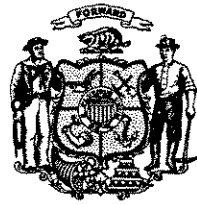
The Treasurer reports that the LGIP component of the State Investment Fund is now valued at over \$3 billion after a previous decline in FY 95 to below \$2 billion. These publication expenditures were worthwhile in re-establishing the confidence of local government investors in the Local Government Investment Pool. The distribution of additional information to fund participants encouraged investors to retain their funds in the LGIP.

As the Investment Board becomes more familiar with monthly reporting requirements, and the availability of data increases, SWIB predicts that the "Pool Page" mailings will be merged with monthly statement distribution. The Investment Board believes that this is a realistic goal for the beginning of FY 97. The Treasurer will, therefore, not be responsible for these mailings in ongoing years.

**RECOMMENDATION:**

Approve the request.





CC: JK RGL LN JM

Mailing Address:  
P. O. Box 7871  
Madison, WI 53707-7871

# Jack C. Voight State Treasurer of Wisconsin

Phone: 608/266-1714  
Fax: 608/266-2647

101 E. Wilson Street, Floor 5 • Madison, WI 53707-7871

April 17, 1996

Richard G. Chandler  
Department of Administration  
101 E. Wilson Street  
Madison, WI 53707

Re: S. 16.515 Wis Stats. Request to Provide \$15,500 PRO Expenditure Authority for the Local Government Investment Pool (Fund 100 Appr ED4)

Dear Mr. Chandler,

In March of 1995, the inappropriate trading and holding of derivatives by the State Investment Fund was disclosed by the Investment Board. Inasmuch as the Local Government Investment Pool (LGIP) remains the single largest fund participant, there was a concern that this disclosure would trigger a run on the fund. Presentations were made throughout the state by the Treasurer and Investment Board personnel in which feedback was obtained from pool participants that sufficient and timely information was not made available by the pool and Investment Board. To alleviate concerns, an updated manual was promised to the 1,100 plus participants, along with more timely monthly reporting.

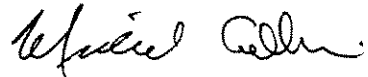
The additional cost of the manuals does not impact upon Fund 100 expenses; rather the pro-rata share of Fund 756's investment earnings is reduced for all LGIP related expenditures after an entry is made transferring the expenditure from the general fund to Fund 756. These expenditures were not expected, as a significant inventory of old brochures were "surplussed" at this time. Also, the creation of a monthly "pool page" with its completely separate mailing date (due to information availability) has impacted upon monthly expenses. Investment Board personnel feel that pool page mailings may be merged with the statement distribution at the beginning of the new fiscal year, when data is more readily available.

Unprojected Costs Charged to ED4 are as follows:

LGIP Manual (Kinko's)	\$9,990.00
Postage UPS (1308 x 2.57ea)	3,362.00
"Pool Page" printing/postage/stat'nary (est 6 mos)	<u>2,100.00</u>
Total	15,452.00

With the balance of the LGIP component of the State Investment Fund back up to \$3 billion+-, after dropping previously below \$2 billion, the above expenditures have proved to be worthwhile in re-establishing the credibility of the Pool and Investment Board.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Collins".

Michael Collins  
Deputy Treasurer

Attachment

cc Michelle New, State Budget Office  
Jack Voight, Treasury

file: f:\home\colm\lgipadd