

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

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 95hrJC-Fi_Misc_pt97

➤ Record of Comm. Proceedings ... RCP

➤ **

STATE OF WISCONSIN

Senate Chair
JOE LEEAN

Room 119 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
608-266-0751



Assembly Chair
BEN BRANCEL

Room 107 South, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
608-266-7746

JOINT COMMITTEE ON FINANCE

March 28, 1995

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


Dear Secretary Klauser:

On March 8, 1995, we received the Gaming Commission's projected FY95 revenues, as required under s. 16.513. This plan was forwarded to the Joint Committee on Finance for review under a 14-day review process.

We have decided that this item should receive further review by the Committee, and therefore, a meeting will be scheduled to consider this request.

Sincerely,


JOE LEEAN
Senate Chair


BEN BRANCEL
Assembly Chair

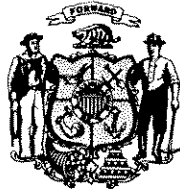
JL/BB/ns

cc: Members, Joint Committee on Finance

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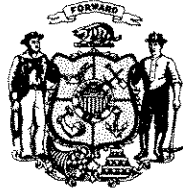
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JOINT COMMITTEE ON FINANCE

March 10, 1995

MEMO TO: Members, Joint Committee on Finance

FROM: Senator Joe Leean, Senate Co-Chair
Representative Ben Brancel, Assembly Co-Chair
Joint Committee on Finance

Attached is a copy of a request from the Department of Administration dated February 24, 1995 pertaining to the Gaming Commission's requirement under s. 16.513 to submit a plan which takes action to assure projected revenues meet it's projected FY95 racing program.

Please review this plan and notify Senator Leean's office not later than Thursday, March 23, 1995 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:BB:ns

Attachments

STATE OF WISCONSIN

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JOINT COMMITTEE ON FINANCE

March 10, 1995

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

Dear Secretary Klauser,

My office received your notice of the Gaming Commission plan pursuant to s. 16.513 on March 8, 1995. Due to the discrepancy of your letter dated February 24, 1995 and the received date, I have allowed the 14 day review to commence upon reception. The approval date, following the 14 day review period, will be March 28, 1995.

Sincerely,

JOE LEEAN
State Senator
14th District

JL:ns

cc: Members, Joint Committee on Finance
Robert Lang, Legislative Fiscal Bureau
Roger Grossman

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



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

TOMMY G. THOMPSON
GOVERNOR
JAMES R. KLAUSER
SECRETARY

February 24, 1995

MAR 08 1995

The Honorable Joseph Leraan, Co-Chair
The Honorable Ben Brancel, Co-Chair
Joint Committee on Finance
113 South, State Capitol
Madison, WI 53702

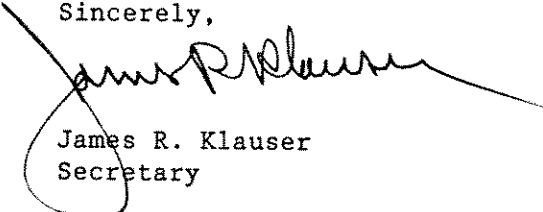
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Based on its previous projection of insufficient racing program revenues for FY95, the Gaming Commission, as required under s. 16.513, has submitted a plan to the Department of Administration which takes action to assure projected revenues meet its projected FY95 racing program expenditures.

The plan includes a number of cost-saving measures, including increasing racing fees, reducing the number of greyhound drug test samples, and elimination of 8.0 FTE positions from the racing program. The Commission's plan also indicates that its new Bureau of Accounting Chief and its pre-auditor position will remain vacant and that a portion of those salaries will be used to attain a positive ending balance for FY95. Because neither of these positions have been filled during the last 18 months, it does not appear that keeping them vacant would materially affect the operation of the agency during this time of transition. However, the Department of Administration will insist that the agency provide assurances that key financial controls be in place during this period.

The Commission's plan is attached unchanged. I am confident that the Commission has identified a sound plan for avoiding a deficit in its racing program.

Sincerely,



James R. Klauser
Secretary

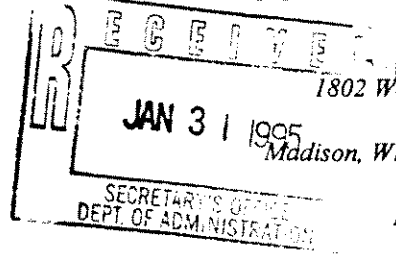
cc: Bob Lang, Legislative Fiscal Bureau
John Tries, Gaming Commission

WISCONSIN GAMING COMMISSION

Tommy G. Thompson, Governor

John M. Tries, Chairman

Maureen A. Hlavacek, Commissioner



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

January 27, 1995

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

Dear Secretary Klauser:

The purpose of this letter is to provide you with a further update on the status of the projected Racing fund balance for FY95. As indicated in our letter of December 22, 1994, the Commission needed to do a re-estimate after the new drug testing contract was let. The new contract, beginning February 1, will result in a substantial savings, reducing the per sample cost to \$13.95 after 2/1/95 instead of the current \$15.93 cost.

Previously we outlined steps that the Commission had already taken to increase revenues (increased occupational, totalizator and food concessionaire license fees) and to decrease expenditures (avoiding unnecessary expenditures, reducing the number of drug testing samples to the statutory minimum, calculating the Fox Valley position savings)

Since December 22 the Commission has been able to realize additional savings by further reducing drug testing sampling from 2.4 samples per race to 2.0 samples per race (attachment A). As mentioned above, the Commission has also been able to contract with a new laboratory that will do drug testing for \$13.95 per sample beginning February 1, 1995 instead of the current \$15.93. We are now able to make projections on actual expenditures using WisMART reports through 12/31/94.

The result of these changes and revised projections is to reduce Racing's FY95 projected expenditures from the \$4.15 million amount in the December 22 letter to approximately \$3.8 million (attachment B). As part of that, we have taken Charitable Gaming's overhead amount out of the projected expenditures. This overhead was included in the December 22, 1994 letter as part of the Chapter 20 budgeted expenditures.

We have also included in this projection that overhead cost allocated vacant positions will remain vacant through the remainder of the fiscal year. This includes a commissioner, division administrator and deputy division administrator as well as other vacancies. It includes some important financial positions such as chief financial officer for the agency and the agency preauditor. As a result, we will not be able to preaudit Commission expenditures as we indicated we would in the delegation agreement previously signed with

Secretary Klauser Page 2

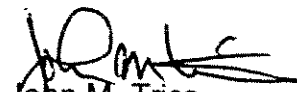
DOA. The absence of a chief financial officer results in risk for errors in accounting decisions. Fortunately the Legislative Audit Bureau has agreed to provide contractual assistance to us in researching and providing information on the current most difficult accrual accounting issues. However, their assistance is only for a brief period.

Additional measures beyond these are still necessary to achieve a positive balance at year end. We are also proposing the elimination of eight positions involved in racing regulation. These include a paddock judge and auditor position currently located at each track. One auditor position would be reallocated to Madison to do periodic auditing of all the tracks. If the layoff of these eight positions occurs on March 1, 1995 the Commission will save approximately \$84,000 in salary and fringes through June 30, 1995. This savings will result in an estimated positive year end balance of \$17,807 (attachment B). Our expenditure estimates are based on WisMART data and may need to be adjusted as additional expenditure information is received. We will continue to submit monthly updates.

Since we are not now projecting carrying a deficit into FY 96, we have not included any FY 96 information. If you still require FY 96 estimates, let me know. Given proposed legislation affecting racing revenue, elimination of cost allocated overhead positions associated with proposed lottery privatization and unknown status of budget DINs, there would have to be many premature assumptions at this point in time to calculate FY 96.

The Commission is developing a layoff plan for the track paddock judges and auditors. Union notification and staff notification materials will be distributed once you approve this proposal. Please notify us as soon as possible if we should proceed.

Sincerely,


John M. Tries
Commission Chair

DRUG TESTING FY 95 1/18/95

415,358.82 = JULY - DECEMBER 1994 ACTUAL

JANUARY

	90 performances
	x 15 races
<hr/>	1350 total races
	x 2 <i>samples/race</i>
<hr/>	2700
	x \$15.93 cost/sample
<hr/>	43,011.00 TOTAL JANUARY

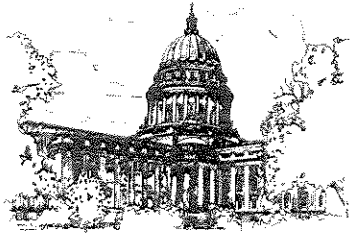
FEBRUARY thru JUNE

	493 performances
	x 15 races
<hr/>	7395 total races
	x 2 <i>samples/race</i>
<hr/>	14,790
	x 13.95 cost/sample
<hr/>	206,320.50 TOTAL FEBRUARY-JUNE

664,690.32

		FY94-- Preliminary	FY95--Projected w/Increases
562.05	"A"/License Fees	\$0	\$306,400
562.05	"B"/Performance Fees	\$182,625	\$177,125
562.05	"A"/License Application Fees & Backgrounds	\$10,000	\$10,000
562.05	Other Application Fees	\$10,000	\$10,000
562.05	Occupational License Fees	\$168,500	\$193,800
562.05	Fingerprinting Fees	\$48,922	\$49,411
562.05	Totalizator Fees	\$9,692	\$21,300
562.05	Concessionaire Fees	\$7,300	\$14,200
562.05	Miscellaneous	\$10,293	\$0
	RACING FEES	\$447,332	\$782,236
	FINES	\$16,956	\$16,000
562.02 (2)(f)	Board-Imposed Fines		
562.04(1)(b)4.	Stewards-Imposed Fines		
562.04(2)(d)	RACING REGULATION	\$150,900	\$141,700
562.065(3)(d)	SPECIAL PROGRAMS (General Program Ops)	\$1,635,246	\$1,511,540
562.065(3)(e)2.	BREAKAGE	\$430,557	\$403,077
562.065(4)	UNCLAIMED PRIZES	\$1,022,788	\$917,001
562.09(2)(e)	ANIMAL DRUG TESTING FEES	\$109,512	\$0
	SUBTOTAL--BEFORE TRANSFERS	\$3,813,291	\$3,771,554
20.455(2)(g)	OPERATING TRANSFER: DOJ Gaming Enforcement--Racing	(\$111,600)	(\$151,300)
562.02(2)(fm)	OPERATING TRANSFER: DATCP Humane Officer	(\$45,500)	(\$45,500)
REVENUES	TOTAL REVENUE	\$3,656,191	\$3,574,754
	<i>Racing FY95 Drug Testing estimated expenditures</i>	<i>\$993,521</i>	<i>\$664,690</i>
	<i>Racing FY95 estimated expenditures</i>	<i>\$3,009,713</i>	<i>\$3,013,196</i>
EXPENDITURE	TOTAL EXPENDITURES	\$4,003,234	\$3,677,886

SUMMARY		FY94-- Preliminary	FY95--Projected w/Increases
	Opening Balance	\$467,982	\$120,939
	Projected Revenue without Pari-mutuel tax	\$3,656,191	\$3,574,754
	Available Revenue	\$4,124,173	\$3,695,693
	State Operations Expenditures	\$4,003,234	\$3,677,886
	Reserve (10% of WGC expenditures & encumbrances)	\$400,323	\$367,789
	Expenditures & Reserves	\$4,403,557	\$4,045,675
	Balance without Reserve	\$120,939	\$17,807
	Balance with Reserve	(\$279,384)	(\$349,981)
	Amount Available for Transfers	N/A	N/A
	Total Transfers	\$0	\$0
	s. 20.115 (4)(g)–\$650,000	\$0	\$0
	s. 20.115 (4)(h)–\$50,000	\$0	\$0
	Amount to Transfer to General Fund	N/A	N/A
	Projected Revenue Balance for WGC Operations	\$120,939	\$17,807
	Projected Ops & Reserve Shortfall	(\$279,384)	(\$349,981)



Charles J. Chvala

State Senator

March 15, 1995

Senator Joe Leann
Co-Chair
Joint Committee on Finance
Hand-delivered

Dear Senator Leean:

I would like the Joint Committee on Finance to meet formally to consider the request from the Department of Administration dated February 24, 1995, pertaining to the Gaming Commission's requirement under s. 16.513 to submit a plan to assure that projected revenues meet its projected FY95 racing program.

Thank you.

Sincerely,

CHUCK CHVALA
State Senator
CJC: jw

cc: Rep. Ben Brancel

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



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

TOMMY G. THOMPSON
GOVERNOR
JAMES R. KLAUSER
SECRETARY

February 24, 1995

The Honorable Joseph Leraan, Co-Chair
The Honorable Ben Brancel, Co-Chair
Joint Committee on Finance
113 South, State Capitol
Madison, WI 53702

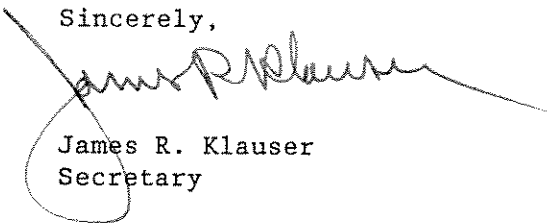
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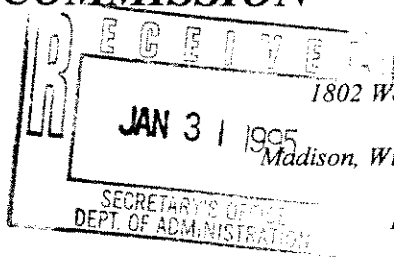
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WISCONSIN GAMING COMMISSION

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STATE OF WISCONSIN

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Assembly Chair
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608-266-7746

JOINT COMMITTEE ON FINANCE

March 22, 1995

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

Dear Commissioner Tries:

On March 1, 1995, the Joint Committee on Finance received your letter of that date, in which you discuss a report required under s. 565.02(7) relating to lottery sales and prize payouts.

Your letter to the Committee indicates that, because of the uncertain future of lottery operations, the information required under s. 565.02(7) will not be provided to the Committee. It is not apparent how any uncertainty about the future precludes this information from being provided at this time.

The report under s. 565.02(7) requires three pieces of information: (a) an estimate, for fiscal years 1994-95 and 1995-96, of the gross revenues from the sale of lottery tickets; (b) the total amount paid as prizes and the prize payout ratio for each type of lottery game offered, based on these sales estimates; and (c) an evaluation of the effect of prize payout ratios of lottery games on lottery sales, lottery operating costs and on maximizing the revenue available for the lottery property tax credit.

If privatization proposals regarding management and operations make it impossible to estimate sales, prizes, prize ratio and prize ratio effects on sales, then you apparently believe privatization affects far more than operational costs and efficiencies.

We would suggest that any modification to lottery operations would likely have its effect late in 1995-96, with the most significant effect occurring after July 1, 1996.

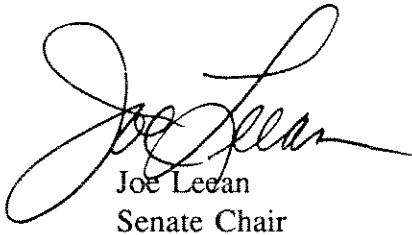
Mr. John M. Tries, Chairman

March 22, 1995

Page 2


Providing the Committee with the information required under s. 565.02(7) would appear to be a manageable exercise at this time.

In order to facilitate our review of this report in connection with budget proposals affecting the lottery, submit the information required under s. 565.02(7) to the Committee no later than April 1, 1995.



Joe Lee
Senate Chair

Sincerely,



Ben Brancel
Assembly Chair

JL/BB/ns

cc: Members, Joint Committee on Finance

WISCONSIN GAMING COMMISSION

Tommy G. Thompson, Governor

John M. Tries, Chairman

Maureen A. Hlavacek, Commissioner



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

March 1, 1995

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

Honorable Ben Brancel
Co-Chair, Joint Finance Committee
Representative, 42nd Assembly District
Room 137 South, State Capitol
Madison, Wisconsin 53708

Dear Senator Leean and Representative Brancel:


Wisconsin Statutes 565.02(7), require a report that includes estimates for the current and next fiscal year, reflecting lottery gross sales, prize payouts, prize payout ratios for each type of game, and an evaluation of the effect of prize payout ratios on lottery sales, operating costs, and maximization of revenue.

All of these data are inherent to a customary business plan which is founded on the expectation of a predictable environment. At this time, the proposal for the privatization of the Wisconsin Lottery provides a most unpredictable environment. The basic elements of our business plan are still unknown: what will be the business structure, what funding will be available for business operations, what staff will be retained, what statutes will be changed, what impact will result from other potential gaming venues, etc.? The magnitude of unknown factors would render any estimate pure conjecture.

We are proposing continuing the current planned prize payout percentage until clarification of the future structure and operations of the Lottery.

Last year's (Fiscal Year 94) request of 63% overall for instant product was approved in June 1994. Introduction of games reflecting the higher prize payout began in September. Experience is still too limited to provide sufficient data for evaluating the effects of the higher prize payout, however, instant scratch sales for the first seven months of Fiscal Year 95 were 19% higher than for the first seven months of Fiscal Year 94 (\$172,125,106 vs. \$144,508,051.)

Sincerely,

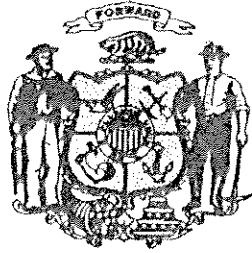


John M. Tries
Chairman

State of Wisconsin

SENATE CHAIR
JOE LEEAN

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



ASSEMBLY CHAIR
BARBARA J. LINTON

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

JOINT COMMITTEE ON FINANCE

June 2, 1994

OK

Mr. John Tries, Chairman
Wisconsin Gaming Commission
150 East Gilman Street
Suite 1000
PO Box 8979
Madison, WI 53708-8979

Dear Mr. Tries:

On April 26, 1994, the Committee received a request from the Gaming Commission to allocate \$310,600 SEG in 1994-95 from unallotted reserve for the maintenance of on-line lottery terminals. Funding for this purpose was approved in the 1993-95 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. Subsequently, on May 12, 1994, documentary materials relating to the request were provided to the Committee that indicate actual maintenance costs of \$281,000 in 1994-95.

The Committee has no objections to the allocation of \$281,000 SEG from unallotted reserve for the maintenance of on-line lottery terminals. We will consider this revised amount approved for allocation unless you notify us by June 8, 1994, that you would like the Committee to meet and review your original request.

Handwritten signature of Joe Leean in cursive.

JOE LEEAN
Senate Chair

JL/BJL/ns

Sincerely,

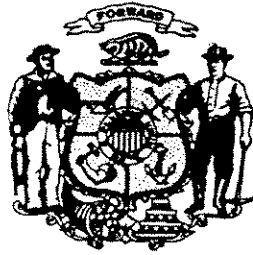
Handwritten signature of Barbara J. Linton in cursive.

BARBARA J. LINTON
Assembly Chair

State of Wisconsin

SENATE CHAIR
JOE LEEAN

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BARBARA J. LINTON

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JOINT COMMITTEE ON FINANCE

May 13, 1994

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

Dear Mr. Tries:

On April 26, 1994, the Committee received a request from the Gaming Commission to allocate \$310,600 SEG in 1994-95 from unallotted reserve for the maintenance of on-line lottery terminal modems. Funding for this purpose was approved in the 1993-95 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 Commission's request for the allocation of these funds did not include a plan of expenditures or any documentation of anticipated modem maintenance costs. Documentary materials relating to the request were received on May 12, 1994. The Committee will consider allocating funds for this purpose, under a 14-day passive review, beginning May 12, 1994. Our response to the request will be provided to you on or before June 2, 1994.

Sincerely,

Handwritten signature of Joe Leean in cursive.

JOE LEEAN
Senate Chair

Handwritten signature of Barbara J. Linton in cursive.

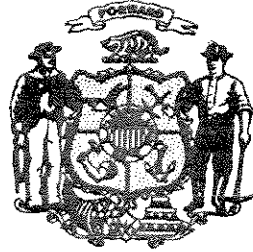
BARBARA J. LINTON
Assembly Chair

JL/BJL/ns

State of Wisconsin

SENATE CHAIR
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ASSEMBLY CHAIR
BARBARA J. LINTON

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JOINT COMMITTEE ON FINANCE

5/13

April 26, 1994

TO: JOINT COMMITTEE ON FINANCE MEMBERS

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

Attached is a copy of a request from the Wisconsin Gaming Commission dated April 25, 1994 pertaining to a request for payment of maintenance of on-line terminal modems for the Wisconsin Lottery.

Please review this item and notify Senator Leean's office not later than Wednesday, May 11, 1994 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

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
Madison, Wisconsin 53708-8979
(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

April 25, 1994

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

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

Dear Senator Leean and Representative Linton:

In the 1993-95 State Budget (Senate Bill 44), the Wisconsin Gaming Commission requested \$310,600 SEG to establish a base for the payment of maintenance of on-line terminal modems for the Wisconsin Lottery.

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, we are requesting the 14 day review. The requested \$310,600 is for the maintenance of 2,900 modems, 161 master modems and 50 backup modems for a total of 3,111 modems. The modems serve to connect the Lottery terminals, located in retail outlets, to the computer system in Madison. If modems were not maintained, some Lottery terminals in retail locations would not be operational resulting in lost sales. These

Senator Leean and Representative Linton
April 25, 1994
Page Two

funds are paid to the Department of Administration (BITM) for modem maintenance service. DOA bids the service to a private vendor.

Please contact me if you have any questions.

Sincerely,



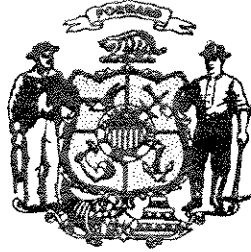
John M. Tries
Chairman

cc: Department of Administration
Legislative Fiscal Bureau

State of Wisconsin

SENATE CHAIR
JOE LEEAN

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P.O. Box 7882
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Phone: 266-7690

JOINT COMMITTEE ON FINANCE

OK

January 27, 1994

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

Dear Mr. Tries,

Your request for a passive 14-day review of expenditure has just been received in my office today. Due to the discrepancy in the date of your letter, January 19, 1994 and the date of reception, January 27, 1994 the 14-day period begins today. Unless you are notified of our intent to schedule a formal review of the request on or before February 16, 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

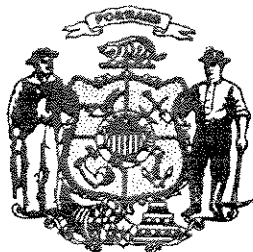
JL:BJL:ns

cc: Department of Administration
Legislative Fiscal Bureau

State of Wisconsin

SENATE CHAIR
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JOINT COMMITTEE ON FINANCE

January 27, 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 is a request pursuant to Act 16 Section: 9123(1g) from the Wisconsin Gaming Commission.

Please review and contact Senator Leean's office not later than Friday, February 11, 1994 if you have any concerns about the request or would like the Committee to meet formally to consider the request.

Also, please contact us if you need additional information.

JL:BJL:ns

Attachments

WISCONSIN GAMING COMMISSION

Tommy G. Thompson, Governor

John M. Tries, Chairman

Terence M. Dunleavy, Commissioner

Lennie A. Weber, Commissioner



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FAX (608) 264-6644

January 19, 1994

Honorable Joseph Leean
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 Leean and Representative Linton:

In the 1993-95 State Budget (Senate Bill 44) the Wisconsin Gaming Commission requested funding for improved computer security for the Lottery computer systems.

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

January 12, 1994

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

Lottery Computer Security Upgrade \$50,000

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

- II. Lottery Computer Security Upgrade: In 1993 the Wisconsin Gaming Commission contracted for a security study of the Lottery computer systems. This study was performed by SRI International. Their recommendation was for improvements to both the Local Area Network (LAN) and to the interface to the Commission's Stratus computer.

The detail of the proposed expenditures is attached. A summary is as follows:

- LAN Audit and Virus Checking Software	\$4,175
- LAN Reconfiguration and Stratus support	\$36,700
- Communications Server and Lines	<u>\$9,504</u>
Total	\$50,379

MEMORANDUM

West Office

WISCONSIN GAMING COMMISSION
1802 West Beltline Highway
Post Office Box 8941
Madison, Wisconsin 53708-8941

Phone: (608)266-7777
Facsimile: (608)264-6644

DATE: November 3, 1993

TO : Maureen Hlavacek

From: Pat Duffy 

Subject: SRI Recommendations/Implementation Plan

The software packages we are recommending for hard-disk audit and virus checking are Intel's LANDesk Manager and LANDesk Virus Protect. The two software packages work together to monitor LAN activity and performance and continually check for viruses. The inventory feature of the LANDesk Manager allows for periodic inventory of all software installed on LAN workstations. Each software package costs \$1000. We will need one set on each of our two file servers. We will also need to upgrade the memory on the LAN Administrator's workstation at a cost of \$175.
Total cost = \$ 4175.

The LAN reconfiguration we are recommending and as shown in the attached diagram consists of replacing the individual workstation connections (PCconnect) with an Ethernet interface. We would also reconfigure the file servers to provide the access restrictions to meet the SRI recommendations. The new configuration would provide additional benefits by meeting other study recommendations and position the LAN for development and implementation of a Gaming Commission LAN Strategy. Benefits include:

- Restricted access to the Stratus per SRI recommendations.
- the ability to resolve the Stratus cabling problems in the computer room per the Stratus Site Study recommendations.
- eliminate the need for both a Stratus terminal and PC workstation for some staff.
- provide performance improvements in application development by giving the programmers multiple concurrent sessions.
- allow for screen painting on the PC's, reducing overhead on the Stratus and possibly improving Stratus performance.

Reconfiguration costs, next page.

Reconfiguration Costs:

Ethernet adapter for LAN Server	\$ 500.00.
DRA remote terminal services	\$30000.00.
Stratus x.25 protocol support	\$ 2800.00.
Stratus x.29 protocol support	\$ 1400.00.
100 LAN user pkg for current Fundware server	<u>\$ 2000.00.</u>
Total	\$36,700.00.

The report states concern for access via dial lines. The recommendation is that the access is dial out only, which would require installation of separate telephone lines for the staff that need dial access to other systems. There are 11 staff areas with modems. This does NOT include the computer room which has dial access secured.

While we could install separate lines with dial out access only, someone wanting to circumvent the system would merely need to physically switch lines. We could also 'shut down' the LAN or portions thereof, but then people working weekends or after hours would be negatively affected.

We instead recommend a Microdyne communications server which would service all dial users. The Microdyne supports up to 8 modems and 8 SIMULTANEOUS users. It comes either with high speed modems (\$13,000) or modemless so we could use our existing modems (\$8000.). We feel our existing modems are adequate.

We would still need to install additional telephone lines (8) at approximate cost of \$188. each.

Cost of Lines =	\$1504.
Microdyne =	<u>\$8000.</u>
Total	\$9504.

Plan Total = \$50,379.00.