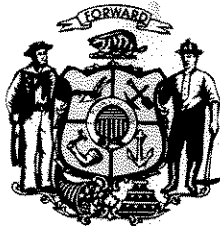


STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
GEORGE LIGHTBOURN
SECRETARY



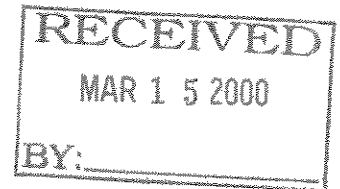
Mailing Address:
Post Office Box 7869
Madison, WI 53707-7869

Date: March 10, 2000

To: Senator Brian Burke and Representative John Gard, Co-Chairs
Joint Committee on Finance
Room 315-N Capitol
Madison, WI 53708-8952

From: George Lightbourn, Secretary *GL*
Department of Administration

Subject: Public Benefits Program Planning and Staffing



Last December I submitted a letter to the Committee to indicate the planning direction of the department with respect to the new Public Benefits program established under Act 9. That direction included the concept of temporary use of previously approved administrative dollars under what is commonly called the oil overcharge program. In a January 4 response you responded positively to this direction. The Committee letter also indicated additional information to be provided.

As you are aware, the Act 9 language created a broad and complex program, to be phased in over a period of three years. The program could eventually entail administration of as much as \$180 million annually by the department. To date there have been numerous positive discussions and interactions between the department program staff, the Public Service Commission and Wisconsin's public utilities. Much more work is needed. As you know, the legislation creating the Public Benefit program required the creation of a Public Benefits Advisory Council. I will want the input of the council before I finalize a staffing plan. For these reasons, I would like to delay submitting a Public Benefits program staffing proposal for consideration at the next quarterly s.13.10 (March) meeting. While I am eager to present a comprehensive proposal to the Committee, presenting a premature and sketchy program/staff analysis would not lead to a beneficial or wise use of the Committee's resources or time. I do, however, anticipate submitting a proposal at the June 2000 meeting and will work toward that goal.

With respect to the actual use of oil overcharge administrative funds in support of interim planning activities, let me indicate what has been invested and is likely to be invested through June. Total costs (travel) through February were under \$2,000. We have planned and will conduct a seminar on March 15-16 targeted at local Low Income Heating Assistance Program (LIHEAP) coordinators, Weatherization providers and public utility low-income staff. The purpose of this seminar will be to explain the potential size and scope of the new program and impact on state and local program administrators. Some costs of the conference will be defrayed through a nominal \$25 registration fee. We will know the net cost of the seminar after the conference. Through the balance of this fiscal year, until we meet with the Committee, we will continue to make minimum expenditures. As current Energy staff are investing hours in this planning effort, the impact on temporary use of the oil overcharge funds has been and will continue to be conservative. We will need to allocate some Energy staff costs by the end of the fiscal year as there are limits to using federally-funded staff time on planning for the state program. Our federal agency partners have been understanding in this regard.

Please let me know if you have any questions regarding this effort and I look forward to submitting a proposal to the Committee by the June 13.10 meeting.

cc: Rick Chandler, State Budget Director
Bob Lang, Legislative Fiscal Bureau

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

March 13, 2000

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Members of the Joint Committee on Finance
113 South, State Capitol
Madison, Wisconsin 53702

Dear Senator Burke, Representative Gard, and Members:

In accordance with sec. 16.531(1), Wis. Stats., we are submitting a report for the next quarter on the use of the authorities conferred in sec. 16.53(10)(a), Wis. Stats., sec. 20.002(11)(a), Wis. Stats., and Subch. III of Chapter 18, Wis. Stats., related to cash flow management and the issuance of operating notes.

The forecasts below are based on the July 12, 1999 tax collection estimates prepared by the Legislative Fiscal Bureau. They also include the disbursement of the one-time sales tax rebate during January 2000.

General Fund Cash Forecast
April - June 2000
(\$ in millions)

Month	Beginning Balance	Receipts	Disbursements
April	\$ 512.2	\$1,742.0	\$1,168.2
May	1,086.0	1,469.6	1,177.4
June	1,378.2	1,701.3	2,584.6
July	494.9		

The General Fund will experience low balances during the period June 19th - June 21st. During this period it may become necessary to exercise the authority granted under sec. 20.002(11)(a), Wis. Stats., pertaining to the temporary reallocation of certain eligible surplus moneys. It is not anticipated that the authority to delay payments granted under sec. 16.53(10)(a), Wis. Stats., will be utilized.

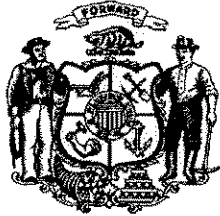
Sincerely,


George Lightbourn
Secretary

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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



ASSEMBLY CHAIR
JOHN GARD

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

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Date: March 20, 2000

Re: General Obligation Bonds of 2000, Series A

Attached is a copy of a report from the Department of Administration, pursuant to s. 18.16 (7), Stats., which specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

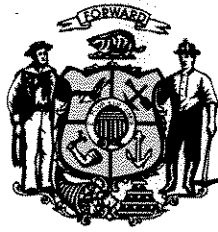
Attachment

BB:JG:dh

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

March 16, 2000

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Joint Committee on Finance
Madison, WI 53702

Dear Senator Burke, Representative Gard and Members:

This report is required by subsection (7) of 18.16 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt.

On February 16, 2000, the Building Commission authorized the sale of \$150,000,000 State of Wisconsin General Obligation Bonds of 2000, Series A (the "Bonds"). Pursuant to this authorization, on March 7, 2000, the Capital Finance Director conducted a public sale for and awarded the Bonds. This was a public sale conducted pursuant to Subchapter I of Chapter 18. The Official Notice of Sale, dated February 28, 2000, attached, set the terms and conditions of the sale and was available to all potential bidders. The State received five bids for the Bonds.

The award was based on the lowest true interest cost rate to the State. The successful underwriter was Merrill Lynch & Co. There is no minority participation for this Bond issue since Merrill Lynch & Co. is not certified by the Department of Commerce as a minority-owned firm.

Underwriting participation by minority owned firms is encouraged. There is a section "Minority Participation" in the Official Notice of Sale and a list of the certified firms including address, phone number and contact person was included in the bidding materials sent to each prospective bidder.

Sincerely,


George Lightbourn
Secretary

Enc.

OFFICIAL NOTICE OF SALE

\$150,000,000

STATE OF WISCONSIN

GENERAL OBLIGATION BONDS OF 2000, SERIES A

SEALED AND ELECTRONIC PROPOSALS will be received by the Capital Finance Director, acting on behalf of the State of Wisconsin Building Commission (**Commission**), at the Reception Area, Administration Building, 101 East Wilson Street – 10th Floor, Madison, Wisconsin, until 10:00 a.m. (CST) on March 7, 2000, when they will be publicly opened and read, for the purchase of \$150,000,000 State of Wisconsin General Obligation Bonds of 2000, Series A (**Bonds**) on the terms and conditions stated below. Sealed proposals must be delivered to the Reception Area. Electronic proposals must be submitted through Bloomberg Services, Dalcomp/Parity, or MuniAuction (**Approved Providers**). Sealed proposals will be opened, electronic proposals retrieved, and all proposals publicly announced in the Reception Area shortly after the deadline for proposals.

Terms of Bonds. The Bonds will be dated March 15, 2000, and will be payable as to principal either through serial maturities or redemption from mandatory sinking fund payments (as specified by the successful bidder) on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2001	\$5,335,000	2011	\$6,565,000
2002	5,560,000	2012	6,920,000
2003	5,815,000	2013	7,305,000
2004	6,095,000	2014	7,715,000
2005	6,395,000	2015	8,160,000
2006	6,410,000	2016	8,635,000
2007	6,740,000	2017	9,140,000
2008	7,090,000	2018	9,680,000
2009	7,460,000	2019	10,255,000
2010	7,855,000	2020	10,870,000

Each bid must specify whether the principal amount of the Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond. The mandatory sinking fund payments of each term bond shall be on one or more consecutive annual payment dates immediately preceding the maturity date of such term bond. Term bonds may be created with a final maturity either before or after May 1, 2010; however, no term bonds designated to mature on and after May 1, 2011 may contain any sinking fund payments before May 1, 2010. The mandatory sinking fund payment (if any) so specified for any year must be equal to the full principal amount of Bonds listed in the table above as payable in that year. The same interest rate specified for the nominal maturity of a term bond must also be specified for all mandatory sinking fund payments of such term bond.

The Bonds will bear interest, payable on November 1, 2000 and semiannually thereafter on the first day of May and November, at such rate or rates per annum as are designated by the successful bidder in its bid. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Optional Redemption. The Bonds maturing in the years 2001 to 2010, inclusive, shall not be subject to redemption prior to their stated dates of maturity. The Bonds maturing on or after May 1, 2011 are subject to redemption at the option of the Commission on May 1, 2010 or any date thereafter, in whole or in part, in integral multiples of \$5,000. In the event of partial redemption, the Commission shall direct the maturity or maturities and the amount thereof so to be redeemed. The redemption price for Bonds redeemed prior to their stated dates of maturity shall be equal to 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Bonds of certain maturities will be subject to mandatory redemption prior to their respective stated maturity dates, in part, from mandatory sinking fund payments, to the extent the successful bidder so specifies in its bid. In such event, the redemption price shall be equal to 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the date of redemption.

Book-Entry. The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (DTC). DTC will act as securities depository of the Bonds. A single Bond certificate for each separate maturity will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Bond certificates will be deposited with DTC as a condition of the closing. The State of Wisconsin (State) will make payments of principal and interest on the Bonds on the dates set forth above, to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of payments to participants of DTC will be the responsibility of DTC; transfer of payments to beneficial owners by DTC participants will be the responsibility of the participants and other nominees of beneficial owners, all as required by rules and procedures of DTC and the participants. No assurance can be given by the State that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments. The State assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

Notice to Securities Depository. Notices, if any, given by the State to the securities depository are redistributed in the same manner as are payments. The State assumes no liability for the failure of the securities depository, its participants or other nominees of beneficial owners to promptly transfer said notices to the beneficial owners of the Bonds. The State is not responsible for supervising the activities or reviewing the records of the securities depository or its direct and indirect participants.

Successor to Securities Depository. In the event that the relationship with the current securities depository is terminated and the Commission does not appoint a successor securities depository, the Commission will prepare, authenticate and deliver, at its expense, fully registered certificated Bonds in the denominations of \$5,000 or any integral multiple thereof, in the aggregate principal amount of Bonds of the same maturities and interest rates then outstanding, to the beneficial owners of the Bonds as identified to the Commission by the securities depository and its participants.

Purpose and Pledge. The Bonds will be issued to finance the cost of various public improvements and grants to local units of government, pursuant to Chapter 18 of the Wisconsin Statutes and a resolution adopted by the Commission on February 16, 2000 (Resolution). The Bonds will be direct and general obligations of the State. The full faith, credit and taxing power of the State will be irrevocably pledged to the payment of the principal of and interest on the Bonds, and there will be irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Bonds.

Minority Participation. It is the policy of the Commission to endeavor to ensure that 6% of the Bonds are underwritten by firms that are certified by the State as being minority owned. The Commission urges prospective bidders to obtain from the Commission a list of firms so certified and to include such firms in their bidding group. The Commission further encourages certified minority-owned firms to submit bids directly and to assemble bidding groups for the submission of bids. Minority-owned firms that are not yet certified by the State and wish to be, may contact the Wisconsin Department of Commerce, Bureau of Minority Business Development at 608.267.9550.

Offering of Securities. The State offers to sell these securities by competitive bid. In the jurisdictions of Georgia, Illinois, Louisiana, Nebraska, New York, North Dakota and Vermont, the State's offer is limited to the following: brokers, dealers, banks, savings institutions, trust companies, insurance companies, investment companies, pension or profit sharing trusts, and other financial institutions.

No Bond Insurance. The award of the Bonds will be made with the understanding that no bond insurance will be used in connection with the primary offering of the Bonds. The successful bidder must certify, prior to the delivery of the Bonds, that no bond insurance policy has been obtained by or on behalf of it or any other member of its underwriting group (whether or not a member of the bidding group) during the "primary offering" of the Bonds (as such term is defined in paragraph (f)(7) of Rule 15c2-12 under the Securities Exchange Act of 1934). This requirement does not prohibit insuring the Bonds in secondary market transactions or with portfolio insurance.

Electronic Bidding. Bidders who intend to submit electronic proposals must submit the completed Agreement About Use of Electronic Bidding Service Provider prior to the bid opening. The Commission assumes no responsibility or liability for bids submitted through an Approved Provider. If any provisions in this Official Notice of Sale conflict with information provided by an Approved Provider, this Official Notice of Sale shall control. Further information about the electronic bidding service providers, including any fee charged and applicable requirements, may be obtained from:

- Bloomberg Services
New Issues Desk
609.279.3250
- Dalcomp/Parity
395 Hudson Street, FLR 3
New York, NY 10014
Cheryl Horowitz, 212.806.3898
- MuniAuction
Allegheny Building, Suite 1800
429 Forbes Ave.
Pittsburgh, PA 15219
David Hasenkopf, 412.391.7686

Official Bid Form and Award. Sealed proposals must be made using the Official Bid Form, and all electronic proposals shall be deemed to incorporate the provisions of the Official Bid Form. The Bonds will be awarded at the lowest true interest cost rate to the State. The true interest cost rate for each bid will be determined on the basis of present value by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to March 15, 2000 and to the price bid. In the event two or more bids specify the same lowest true interest cost rate, then the award will be made to the bidder with the lowest true interest cost rate and the largest minority-owned firm participation, or if such bidders have an equal amount of minority-owned participation, then selection for award will be made among such bidders by the Capital Finance Director by lot.

Each bid shall indicate an interest rate for each maturity and a purchase price for the Bonds. Each interest rate bid must be a multiple of 0.05%. A bid must be for all the Bonds and may be for any purchase price not less than 99% of the par amount of the Bonds (\$148,500,000) nor greater than 101% of the par amount of the Bonds (\$151,500,000). There shall be only one interest rate per maturity. Bonds maturing on or after May 1, 2011 may not have an initial offering price less than 98% of par. The Capital Finance Director, acting on behalf of the Commission, may waive any informality or irregularity in any bid or condition of this Official Notice of Sale and reject any or all bids.

No later than one-half hour after verbal notification of being the apparent high bidder, the "when, as and if issued" offering prices of all Bonds must be communicated to the Capital Finance Office. In the interest of price transparency in the market, the State encourages the successful bidder to promptly disseminate the initial offering prices for all Bonds.

Bid Deposit. A certified, official or cashier's check must be provided, or a financial surety bond submitted, for each bid, payable to the order of the State of Wisconsin, in the amount of \$3,000,000.00. If a check is provided, it must accompany the bid. If a financial surety bond is submitted, it must be from an insurance company licensed to issue such a bond in the State of Wisconsin and acceptable to the Capital Finance Director, and such bond must be submitted to the Capital Finance Office prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is assured by such bond. Each bidder submitting a financial surety bond should determine for itself that the financial surety bond is submitted prior to the bidding deadline. If the bid is awarded to a bidder that has submitted a financial surety bond, the bidder is required to provide the good-faith deposit in immediately available funds not later than 1:30 p.m. CST on March 8, 2000. A claim may be made under the financial surety bond in the event that the good-faith deposit is not timely. Bids shall be enclosed in a sealed envelope marked on the outside, in substance, *Bid for State of Wisconsin General Obligation Bonds of 2000, Series A*.

Good-Faith Deposit. The good-faith deposit of the successful bidder will be cashed. All checks of unsuccessful bidders will be returned immediately upon award of the Bonds. No interest will be allowed on the amount of the good-faith deposit. The proceeds of the good-faith deposit of the successful bidder will be applied to the purchase price of the Bonds. In the event that the successful bidder should fail to take up and pay for the Bonds in compliance with the terms of its bid, the Commission, at its option, may retain the good-faith deposit as liquidated damages or, at its further option, may retain the good-faith deposit as partial payment of actual damages or as security for any other remedy available to the Commission. The amount of the good-faith deposit is to be returned to the successful bidder on the failure of the Commission to perform in accordance with the terms of this Official

Notice of Sale and the bid. All bids shall remain firm for five hours after the time specified for the opening of bids, and an award of the Bonds, or rejection of all bids, will be made by the Capital Finance Director within said period of time.

Certification of Price. The successful bidder shall certify, prior to delivery of the Bonds, the "issue price" of the Bonds awarded to such bidder as defined in Section 1274 of the Internal Revenue Code of 1986, as amended.

Closing and Delivery. The closing will be at or about 9:30 a.m. EST, on or about March 28, 2000. The Bonds will be delivered to DTC no later than the day prior to the closing. Payment for the Bonds must be made by wire in immediately available funds for credit at Firststar Bank, National Association, Milwaukee, WI at said date and time. Should delivery be delayed beyond 45 days from the date of sale for any reason beyond the control of the State except failure of performance by the successful bidder, the State may cancel the award or the successful bidder may demand return of its good-faith deposit and thereafter its interest in and liability for the Bonds will cease.

Bond Opinion. The legality of the Bonds will be approved by Foley & Lardner, bond counsel, whose unqualified approving opinion will be furnished to the successful bidder without cost upon the delivery of the Bonds. There will also be furnished upon the delivery of the Bonds the usual closing papers, including a certificate stating that there is no litigation pending or threatened affecting the validity of or security for the Bonds and a certificate to the effect that the Official Statement prepared in connection with the sale of the Bonds, as of the date of the Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Tax Exemption. Under existing law interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Continuing Disclosure. In order to assist bidders in complying with Section (b)(5) of Rule 15c2-12 under the Securities Exchange Act of 1934, the State has executed a Master Agreement on Continuing Disclosure and Addendum Describing Annual Report for General Obligations and will execute a Supplemental Agreement specifically for the Bonds (**Continuing Disclosure Documents**). The Continuing Disclosure Documents are available to prospective bidders and will be included in the closing papers.

CUSIP Numbers. The Bonds will contain CUSIP identification numbers, but such numbers shall not constitute a part of the contract for the purchase of the Bonds, and any error or omission with respect thereto shall not constitute cause for refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchaser's bid.

Bidding Documents. The Preliminary Official Statement, which is available electronically at the web site shown below, is in a form which the Commission "deems final" as of February 24, 2000 for purposes of Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 but is subject to revision, amendment and completion in a final official statement as defined in Section (e)(3) of such rule. The Preliminary Official Statement, Official Bid Form, Agreement About Use of Electronic Bidding Service Provider, and Continuing Disclosure Documents may be obtained from the world wide web at:

www.doa.state.wi.us/debf/capfin/pos.htm

Paper copies of these documents may be obtained from the Capital Finance Office, Department of Administration, Administration Building, 101 East Wilson Street - 10th Floor, Madison, Wisconsin 53702, 608.266.2305, 608.267.7399 or 608.267.0374.

Final Official Statements. The Commission will furnish to the successful bidder, without cost, up to 1,000 copies of the final Official Statement within seven business days after the award of the Bonds.

Dated: February 28, 2000

Frank R. Hoadley
Capital Finance Director

**MINORITY-OWNED UNDERWRITING FIRMS
CERTIFIED BY THE
WISCONSIN DEPARTMENT OF COMMERCE**

August 27, 1999

Note: The following list of minority-owned underwriting firms is provided for the information of potential bidders on the Bonds and does not constitute a part of the Official Notice of Sale. Minority participation in bids is strongly encouraged by the State but is not a requirement for submitting a bid.

Ms Sherlin Lee
1st Honolulu Securities Inc
900 Fort St #950
Honolulu HI 96813
(808) 523-9422

Mr Hugh Albritton III
A & M Securities LLC
2475 Northwinds Pkwy Ste 200
Alpharetta GA 30004
(770) 753-6166

Mr Michael Yap
Americal Securities Inc
290 7th Ave
San Francisco CA 94118
(415) 666-0633

Mr Elton Johnson Jr
Amerivet Securities Inc
9800 S Sepulveda Blvd Ste 820
Los Angeles CA 90045
(310) 641-6284

Ms Benita Pierce
B Pierce & Co Inc
12 Greene St #3
New York NY 10013
(212) 219-1114

Mr Sano Shimoda
Bio Science Securities, Inc.
2 Theatre Square #210
Orinda CA 94563
(925) 253-9520

Mr John Rezai
Blaylock & Partners, LP
111 S Calvert St Ste 1560
Baltimore MD 21202
(800) 747-5335

Mr Bufus Outlaw
Boe Securities
225 S 15th St Ste 928
Philadelphia PA 19102
(215) 546-2300

Mr Stephen R Goodwin
Cartwright & Goodwin Inc
425 E 86th St Fl 8
New York NY 10028-6449
(212) 427-1602

Ms Baunita Greer
Cromwell Miller & Greer Inc
301 Cathedral Pkwy #6S
New York NY 10026
(212) 323-8273

Mr Samuel D Ewing Jr
Ewing Capital Inc
727 15th St NW Ste 700
Washington DC 20005
(202) 737-1500

Ms Gail M Pankey
Gail M Pankey
8 Broad St
New York NY 10005
(212) 425-0382

Mr Christopher Gardner
Gardner Rich & Company
311 S Wacker Dr Ste 6060
Chicago IL 60606
(312) 922-3333

Ms Lenda P Washington
Grw Capital Corporation
1015 15th St NW Ste 810
Washington DC 20005
(202) 628-7090

Ms Laura J Janus
Hcm Investments Inc
35 W Wacker Dr #3260
Chicago IL 60601-1614
(312) 553-1000

Mr Louis A Holland
Holland Capital Mgmt, LP
35 W Wacker Dr Ste 3260
Chicago IL 60601
(312) 553-1000

Mr Eric H Pookrum
Innova Securities Inc
3703 Woodsman Court
Suitland MD 20746-1376
(301) 967-7368

Mr Ronald Jackson
Jackson Partners & Assoc
381 Park Ave S #621
New York NY 10016
(800) 932-9863

Mr Samuel W Bacote
Jackson Securities Inc
100 Peachtree St NW Ste 2250
Atlanta GA 30303-1912
(404) 522-5766

Mr John Hsu
John Hsu Capital Group Inc
767 3rd Ave Fl 18
New York NY 10017-2023
(212) 223-7515

Mr Albert Grace Jr
Loop Capital Markets LLC
175 W Jackson Ste A635
Chicago IL 60604
(312) 913-4905

Mr Neil Lieberman
M R Beal & Company
67 Wall Street
New York NY 10005
(212) 983-3930

Ms Patricia Winans
Magna Securities Corp
60 E 42nd St Ste 2530
New York NY 10065
(212) 547-3740

Ms Patricia Senese
May Davis Group
1 World Trade Center Ste 8735
New York NY 10005
(212) 775-7400

**MINORITY-OWNED UNDERWRITING FIRMS
CERTIFIED BY THE
WISCONSIN DEPARTMENT OF COMMERCE
August 27, 1999 Continued**

Mr Philip Y Leung
Montrose Securities International
50 California St #3270
San Francisco CA 94111
(415) 399-9955

Mr Robert Wilson
Omni Financial Group LLC
6575 W Loop South Ste 110
Bellaire TX 77401
(713) 349-9600

Mr David Ormes
Ormes Capital Markets Inc
55 Broadway Fl 10
New York NY 10006
(212) 361-1320

Mr Miguel Uria
Oro Financial Inc
4037 Tulane Ave #100
New Orleans LA 70119-6829
(504) 482-4116

Mr Malcolm Pryor
Pryor McClendon Counts & Co
1515 Market St #819
Philadelphia PA 19102
(215) 569-0274

Mr George W Graham
Ramirez & Co Inc
61 Broadway #2924
New York NY 10006
(212) 248-0500

Mr Eric L Small
SBK-Brooks Investment Corp
50 Public Square
840 Terminal Tower
Cleveland OH 44113
(216) 861-6950

Ms Elizabeth Collidge
Siebert, Brandford, Shank & Co LLC
30 N Lasalle St Ste 2120
Chicago IL 60602
(312) 759-0400

Ms Barbara M Aaron
Sturdivant & Co Inc
223 Gibbsboro Rd
Clementon NJ 08021
(609) 627-4500

Ms Maria Markham Thompson
The Chapman Company
401 E Pratt St Fl 28
Baltimore MD 21202
(410) 625-9656

Mr Christopher Williams
The Williams Capital Group LP
650 Fifth Ave Fl 10
New York NY 10019
(212) 830-4500

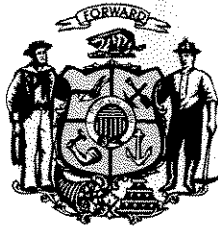
Mr Matthew Greene
Utendahl Capital Partners LP
30 Broad St Fl 31
New York NY 10004
(212) 797-2660

Mr Vernon A Reid Jr
VA Reid & Associates
2 E Read Street Fl 5
Baltimore MD 21202-2232
(410) 332-0893

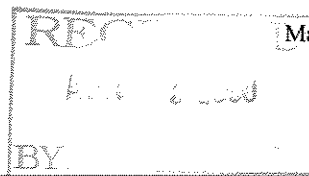
STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629



March 29, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of February 2000.

On February 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$7 thousand. This shortfall increased to -\$12 thousand on February 22, 2000 and to -\$28 thousand on February 28, 2000. This shortfall decreased to -\$6 thousand on February 29, 2000 and continued into the month of March. As of the date of this letter, it is expected to be resolved soon. This shortfall is due to the timing of revenues.

On February 1, 2000 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$138 thousand. This shortfall increased to -\$145 thousand on February 11, 2000 and continued until February 15, 2000 when the balance reached \$5 thousand. This shortfall was due to the timing of revenues.

On February 2, 2000 the **University Trust-Income Fund** balance was -\$26 thousand. This shortfall increased to -\$50 thousand on February 3, 2000 and continued until February 4, 2000 when the balance reached \$1.96 million. This shortfall was due to the timing of revenues.

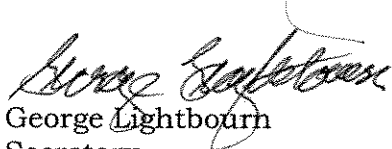
The Wisconsin Health Education Loan Repayment Fund, Wisconsin Health Insurance Risk Sharing Plan Fund, and University Trust-Income Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the

The Honorable Donald J. Schneider
The Honorable Charles Sanders
March 29, 2000
Page 2 of 2

average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,


George Lightbourn
Secretary

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Division of Facilities Development
Post Office Box 7866
Madison, WI 53707-7866
Voice (608) 266-2731
Fax (608) 267-2710
TTY (608) 267-9629

March 29, 2000

Members, Joint Committee on Finance
Members, Building Commission


Honorable Members:

1999 Act 9, Section 9101 (19t) requires that the Department of Administration (DOA) submit a report by March 31, 2000 concerning that status of the centralized food production system construction project at Southern Wisconsin Center for the Developmentally Disabled, as authorized under Section 9107 (1)(j) of 1999 Act 9, to the Joint Committee on Finance and the Building Commission.

The State Division of Facilities Development completed a report on the consolidation of food service operations at Southern Wisconsin Center to the Building Commission on February 16, 2000 at the request of the Governor and a copy of that report is included in this report. This report also includes a report on the proposed plans for the eventual transfer of assets and operational responsibilities for food service activity from the Department of Health and Family Services to the Department of Veterans Affairs completed by the State Budget Office. Both reports are attached.

Although the renovation of the kitchen at Southern Center has been authorized by the Legislature in 1999 Act 9, a number of issues surrounding the kitchen are unresolved and will become resolved upon further information gathered from the design report on the kitchen due in November this year, and upon further meetings between the departments involved concerning the kitchen, including: the Department of Veterans Affairs, the Department of Corrections, the Department of Health and Family Services, and the Wisconsin School for the Deaf, as represented by the Department of Public Instruction. This report is an update on the plans for the kitchen and contains a construction timeline and a transfer of assets and operational responsibility timeline as understood by the Department of Administration.

Sincerely,


George Lightbourn
Secretary

Attachments

**REPORT TO THE JOINT COMMITTEE ON FINANCE
AND THE BUILDING COMMISSION**

March 31, 2000

Agencies: Department of Veterans Affairs, Department of Health and Family Services

Location: Union Grove

Report on Food Service Center Project at Southern Wisconsin Center.

1999 Act 9, Section 9101 (19t) requires that the Department of Administration (DOA) submit a report by March 31, 2000 concerning that status of the centralized food production system construction project at Southern Wisconsin Center for the Developmentally Disabled, as authorized under Section 9107 (1)(j) of 1999 Act 9, to the Joint Committee on Finance and the Building Commission. In its report DOA is to address the following:

1. Status of the renovation project
2. Proposed plans for the eventual transfer of assets and operational responsibilities for the food service activity at that food service center from the Department of Health and Family Services (DHFS) to the Department of Veterans Affairs (DVA)

On February 16, 2000 the State Division of Facilities Development (DFD) delivered a report to the Building Commission at the request of Governor Thompson on the status of the renovation project. Attached is a copy of that report. To complete compliance with Section 9101 (19t) of 1999 Act 9, this report will focus on the transfer of assets and operational responsibilities from DHFS to DVA.

Transfer of Assets and Operational Responsibilities From DHFS to DVA

The transfer of assets and operational responsibilities from DHFS to DVA is predicated on several factors, including the construction schedule for the completion of the renovation, when DHFS and DVA agree on the transfer of assets and operational responsibilities, and when DVA and the Department of Corrections (DOC), the largest customer of the products produced by the kitchen, come to an agreement on a final cost-per-meal figure that is acceptable to both departments, in addition to DHFS and the Wisconsin School for the Deaf (DPI). Currently only the construction schedule is known for certain. The projected construction timeline from the Division of Facilities Development is as follows:

Construction Timeline

February 2000	Building Commission releases \$152,300 State Building Trust Funds-Planning for the preparation of preliminary plans for the Cook/Chill Production Kitchen project at Southern Wisconsin Center campus, for an estimated project cost of \$6,233,000 of Program Revenue Supported Borrowing.
March – May 2000	DFD advertises and hires an architect/engineer for the project.
November 2000	Design report is completed.
February 2001	Preliminary plans are completed.
April 2001	DFD and agencies completes their review of the design report and preliminary plans.
July 2001	Bid documents are completed.
August 2001	Bidding is completed.
October 2001	Contracts are signed and remodeling begun.
January 2002	Remodeling is accomplished so that current residents can still be fed during construction. Project participants will takes measures to ensure meals are provided.
January 2003	Expanded remodeling of advanced food production kitchen finished.
February – July 2003	Testing, training and small-scale service expands to full-scale service.

Transfer of Assets and Operational Responsibility Timeline

September 2000	Statutory language is included in the 2001-2003 budget bill giving the Secretary of Administration authority to transfer assets and operational responsibility from DHFS to DVA.
January – September 2002	Budget planning for 2003-2005. DOC and other customers (DPI-WI School for Deaf, DHFS, DVA) of kitchen plan for food service costs for

meals from cook/chill kitchen, including possible budget increases needed.

Agreement on cost-per-meal must be reached by DVA and DOC within this timeframe – DOC consumes approximately 83% of all meals produced by kitchen.

February – July 2003

DVA begins and completes process to takeover operational responsibility of kitchen.

July 2003

Full-scale production of kitchen begins.

DVA staffing plan is completed, including need for possible FTE reduction. This is included in the 2003-2005 budget.

Assumptions Behind Transfer Timeline

1. Construction timeline is accurate and maintained.
2. DVA will eventually operate the kitchen and all FTE positions and assets will be transferred to DVA.
3. DVA will eventually have approximately 390 total residents at Southern Center (30 Veterans Assistance Center, 240 Skilled Nursing Facility, and approximately 120 Community Based Residential Facility residents, plus one additional CBRF building in the 2001-2003 capital budget).
4. DOC becomes a consumer of at least 10,000 meals per day from the kitchen. A minimum of 10,000 meals per day is required for the kitchen to be practical. The volume of meals required for current and proposed southern Wisconsin correctional facilities, the various populations at Southern Wisconsin Center and the School for the Deaf at Delavan will be approximately 12,000 meals per day.
5. Milwaukee Probation and Parole facility receives its meals from the kitchen rather than contract with another source (constituting approximately 25% of consumers of meals from kitchen).
6. Racine Correctional Institution receives its meals from the kitchen (constituting approximately 33% of consumers of meals from kitchen).

REPORT TO THE BUILDING COMMISSION

February 16, 2000

Agency: Departments of Public Instruction, Veterans Affairs and Administration.

Location: Union Grove

Report on the Consolidation of Food Service Operations at Southern Wisconsin Center.

As part of the 1999-2001 Capital Budget Recommendations the Commission recommended \$6,223,000 Program Revenue Borrowing for a Production Kitchen to be operated by the Department of Veterans Affairs at Southern Wisconsin Center. A companion bakery to be operated by the Department of Corrections was recommended at \$3,700,000 PRB. This was an increase over the amount requested due to suggestions that economies of scale could improve the economics of the bakery. The Joint Finance Committee eliminated the bakery and requested a report on the production kitchen by March 31, 2000.

On January 19, 2000 the Commission approved the request for renovation of the Wisconsin School for the Deaf Hannon Hall Food Service Area with the provision to return with a report on further alternatives to consolidate food service operations at Southern Wisconsin Center (SWC).

As part of the deliberations for the 1999-2001 Biennial Budget, the State received the final report from our consultant about the options for food service at SWC. The consultant took a narrow view of cost savings based exclusively on labor at the SWC site and food and supply costs. While the consultant stated that staff savings at other institutions should also lead to cost savings, the consultant did not have the information necessary to quantify those savings.

Based on the available information, including the potential population to be served, the consultant recommended a system using both blast chill and tumble chill components. This system is most appropriate for large populations.

About eighty percent of the output of the SWC production facility would serve correctional facilities. The chart below shows the current and anticipated populations.

	2/2000 Population	Anticipated Population
1 Southern Wis. Center for the Developmentally Disabled Veterans Assistance Program	284 29	250 30
2 DVA-Skilled Nursing/CBRF	0	240
3 Wis. School for the Deaf	180	180
<u>DOC Institutions:</u>		
4 Southern Oaks Girls School	82	100
5 Ellsworth Correctional Institution (CI)	253	230
6 Racine CI	1,356	1,450
7 Racine Youthful Offender Correctional Facility	397	400
8 Kenosha Correctional Center (CC)	113	120
9 Abode CC	50	50
10 St. Johns CC	49	50
11 Milwaukee Women's CC	50	44
12 Marshall E. Sherrer CC	43	64
13 Milwaukee Div. of Community Corrections		1,048
DOC Subtotal	2,393	3,556
Grand total	2,886	4,256

The planning population at the Division of Community Corrections facility in Milwaukee was increased by the expansion of the facility. Some of the other populations have increased or decreased slightly.

When the project was included in the 1999-2001 budget, DVA expected to be able to start planning the kitchen in the summer of 1999 after the budget passed. Due to the late passage of the state budget, the request for planning funds was delayed. During the fall of 1999 the US Congress considered making changes in the way grants are awarded to states for Veterans Nursing Home facilities. The Veterans Millennium Health Care Act was enacted in December of 1999.

This federal law made many changes to the way state nursing home projects are funded. It provides 65% funding for the conversion of two buildings at SWC into assisted living facilities for elderly veterans, construction of one new CBRF but delays the funding of the 120-bed nursing home at SWC. Due to the uncertainties generated by the legislative negotiations over the Veterans Millennium Health Care Act, Wis. DVA did not request authority to hire an A/E (architect/engineer) for the Cook Chill production kitchen project right away.

DVA is planning to proceed with the design of the Skilled Nursing Facility, using state money to pay for the design. They plan to resubmit the Skilled Nursing Facility project

to USDVA as soon as the new prioritization methodology mandated by the act has been developed.

DVA is still committed to operating the SWC Kitchen even if they only have 120 assisted living residents and 30 Veterans Assistance Program residents on site for the first few years. Since the kitchen would be funded by purchase of food by DOC, DHFS, WSD and DVA, the loss of production due to 120 fewer beds is minimal. Only DVA and SWC meals are individually served and transported to the housing units for reheating. The cost of those meals would be somewhat higher than the study had anticipated, due to spreading the fixed costs for the tray line over fewer meals. The cost would still be lower than the cost of continuing to use the current conventional food service system.

Now that DVA has reviewed its alternatives they are prepared to move forward in hiring an A/E for the production kitchen project. The request has been included this month. DFD will work with DVA to create a Program Statement to use for advertising for an A/E during February and March of 2000.

The anticipated timeline for this work is as follows:

Feb. 2000	Request planning for kitchen
Mar-May 2000	Advertise for and hire architect/engineer
Nov 2000	Design report
Feb 2001	Preliminary plans
April 2001	Complete review
July 2001	Bid documents
Aug 2001	Bid
Oct 2001	Contracts
Jan 2002	Finish remodeling so current residents can still be fed during construction.
Jan 2003	Finish construction of advanced production kitchen.
Feb - July 2003	Testing, training and small-scale service, growing to full-scale service.

Some of the facilities expected to be customers of the production kitchen would have to purchase food from other sources until the SWC production kitchen is operational. The Division of Community Corrections 1048-bed facility in Milwaukee is holding discussions with the Milwaukee County House of Corrections, which has a Cook-Chill System to feed Milwaukee County inmates.

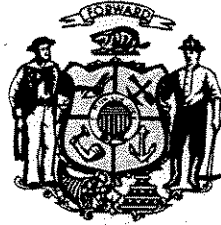
Summary and Recommendation:

Due to waiting for passage of legislation at the federal level, DVA is not as far advanced in planning for the production kitchen as they had hoped to be at this time. However they have considered their options and are ready to move forward at this time. Most of the remaining questions related to the facility can best be answered with the assistance of the

design team. Approval of Building Trust Funds - Planning at this time will allow this project to proceed.

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



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April 28, 2000

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Members of the Joint Committee on Finance
113 South, State Capitol
Madison, Wisconsin 53702

Dear Senator Burke, Representative Gard, and Members:

In accordance with sec. 16.531(3), Wis. Stats., we are submitting this report on the completed calendar quarter ended March 31, 2000, with an assessment of the condition of the General Fund for the period April 1, 2000 to September 30, 2000.

The cash position of the General Fund at March 31 was \$525.6 million, which is higher than the \$512.2 million projected in our report to you on March 13, 2000. This difference is due to higher than expected General Fund receipts. The cash activity for the quarter was as follows:

General Fund Cash Activity
for the Quarter Ended March 31, 2000
(\$ in millions)

Month	Beginning Balance	Receipts	Disbursements
January	\$ 436.0	\$2,095.8	\$1,693.3
February	838.5	1,544.2	1,240.3
March	1,142.4	1,526.6	2,143.4
April	525.6		

At no time during the quarter was it necessary to exercise the authority under sec. 16.53(10)(a), Wis. Stats., pertaining to the delay of payments. However, at various times during the quarter it was necessary to exercise the reallocation authority under sec. 20.002(11)(a), Wis. Stats., for the Wisconsin Health Education Loan Repayment Fund, the Wisconsin Petroleum Inspection Fund, the University Trust-Income Fund, the Wisconsin Lottery Fund, and the Wisconsin Health Insurance Risk Sharing Plan Fund.

The following cash forecasts are based on the General Fund condition statement as estimated by the Legislative Fiscal Bureau in its January 24, 2000 letter.

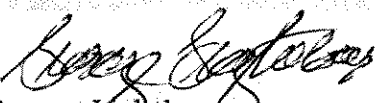
The Honorable Brian Burke
The Honorable John Gard
Members of the Joint Committee on Finance
April 28, 2000
Page 2 of 2

General Fund Cash Forecast
April 2000 - September 2000
(\$ in Millions)

Month	Beginning Balance	Receipts	Disbursements
April	\$ 525.6	\$1,813.0	\$1,168.1
May	1,170.5	1,469.6	1,162.4
June	1,477.7	1,701.3	2,569.6
July	609.4	1,441.5	1,801.4
August	249.5	1,308.9	882.7
September	675.7	1,549.3	1,346.4
October	878.6		

The General Fund will show a positive balance throughout the six month period with the possible exception of the period between June 19th and June 21st. During this period, it may become necessary to exercise the authority granted under sec. 20.002(11)(a), Wis. Stats., pertaining to the reallocation of certain eligible surplus moneys. It is not anticipated that the authority to delay payments granted under sec. 16.53(10)(a), Wis. Stats., will be utilized.

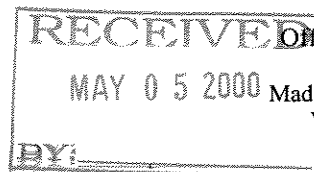
Sincerely,


George Lightbourn
Secretary

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



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April 28, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of March 2000.

On March 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$7 thousand. This shortfall increased to -\$11 thousand on March 16, 2000 and continued into the month of April. As of the date of this letter, it is expected to be resolved soon. This shortfall is due to the timing of revenues.

On March 9, 2000 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$3 thousand. This shortfall increased to -\$6 thousand on March 16, 2000, to -\$11 thousand on March 24, 2000, and continued into the month of April. As of the date of this letter, it has been resolved. This shortfall was due to the timing of revenues.

On March 24, 2000 the **Wisconsin Petroleum Inspection Fund** balance was -\$2.48 million. This shortfall increased to -\$53.35 million on March 27, 2000 and continued until March 28, 2000 when the balance reached \$13.52 million. On March 31, 2000 the balance was -\$1.15 million and continued into the month of April. As of the date of this letter, it has been resolved. These shortfalls were due to the timing of revenues.

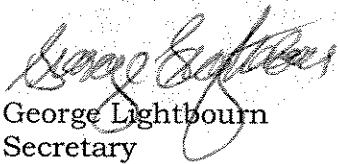
On March 27, 2000 the **Wisconsin Lottery Fund** balance was -\$63.23 million. This shortfall increased to -\$63.95 million on March 31 and continued into the month of April. The balance on April 17, 2000 was -\$29.44 million and, as of the date of this letter, the Department of Revenue estimates that the balance will be positive again in mid-June. This shortfall is due to a timing difference between the distribution of property tax credits and the receipt of Lottery revenues.

The Honorable Donald J. Schneider
The Honorable Charles Sanders
April 27, 2000
Page 2 of 2

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Health Insurance Risk Sharing Plan Fund, Wisconsin Petroleum Inspection Fund, and Wisconsin Lottery Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

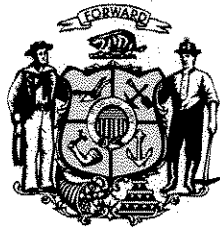


George Lightbourn
Secretary

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

TOMMY G. THOMPSON
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GEORGE LIGHTBOURN
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April 28, 2000

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
Room 316 South, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
Room 315 North, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

On August 6, 1998 the Joint Committee on Finance approved a Department of Administration (DOA) request to enter into a \$16.75 million contract with Wisconsin Public Service Corporation (WPSC) under which DOA accepted responsibility for WPSC's energy efficiency programs then being operated pursuant to Public Service Commission (PSC) regulations.

As DOA prepares to implement the requirements of 1999 Act 9 relating to Utility Public Benefits, it has become apparent that the term of this pilot project needs to be extended. The original contract envisioned a statewide program replacing the pilot at its conclusion on June 30, 2000. In fact, 1999 Act 9 creates a three-year transition period to a statewide program. During that time, DOA and the electric utilities will share responsibilities for public benefit programs. DOA will assume a growing portion of the program responsibility while the electric utilities retain a decreasing portion.

Because WPSC has contracted with DOA for delivery of its energy efficiency obligations for the past two years, the firm has asked DOA to extend that contract for the period of the transition and, in effect, manage its transition. This would allow activities not yet transferred to the Public Benefits program (which remain a WPSC responsibility) to be handled by DOA without interruption. WPSC proposes to transfer its 2000 funding obligation to DOA along with its decreasing obligations for 2001 and 2002 according to the PSC transition plan that will be approved later this year.

April 28, 2000

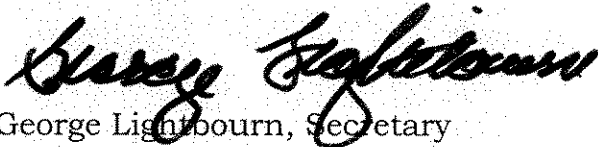
Page 2 of 2

The result of this contract extension will be that WPSC will be able to comply with its PSC mandates without undue expense and will avoid the need to temporarily assume responsibility for programs that WPSC will simply return to DOA over the next three years.

By means of this letter, I am providing notice to the Committee that DOA, upon approval of the PSC, will extend the existing contract until the end of the Public Benefits transition period.

Please let me know if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "George Lightbourn". The signature is written in a cursive style with a large, prominent initial "G".

George Lightbourn, Secretary
Department of Administration

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
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May 8, 2000

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Joint Committee on Finance
Madison, WI 53702

Dear Senator Burke, Representative Gard and Members:

This report is required by subsection (7) of 18.64 of the Wisconsin Statutes and specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt. On May 2, 2000 the Building Commission authorized the issuance of \$100,200,000 State of Wisconsin Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper (the "Notes"). Extendible commercial notes are not sold to underwriters through a public sale, they are placed by a remarketing agent or agents on a best efforts basis. Goldman, Sachs & Co. and Merrill Lynch & Co. are the firms selected to initially remarket the Notes. The Department of Commerce does not certify Goldman, Sachs & Co. nor Merrill Lynch & Co. as minority-owned firms.

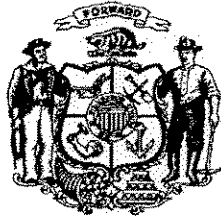
Sincerely,


George Lightbourn
Secretary

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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



ASSEMBLY CHAIR
JOHN GARD

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

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard

Date: May 15, 2000

Re: Petroleum Inspection Fee Revenue Extendible
Municipal Commercial Paper

Attached is a copy of a report from the Department of Administration, pursuant to s. 18.64 (7), Stats. The report specifies the reason for not complying with subsections (2) to (5) of the same section for a specific issue of debt.

The report is being provided for your information only. No formal action is required by the Committee. Please feel free to contact us if you have any questions.

Attachment

BB:JG:dh

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

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May 8, 2000


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Joint Committee on Finance
Madison, WI 53702



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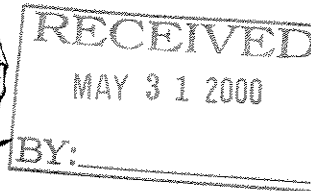
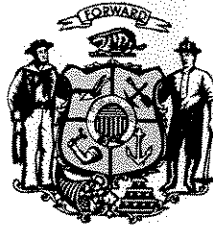
Sincerely,


George Lightbourn
Secretary

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



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May 22, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of April 2000.

On April 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$12 thousand. This shortfall increased to -\$13 thousand on April 19, 2000 and continued into the month of May. As of the date of this letter, it is expected to be resolved soon. This shortfall is due to the timing of revenues.

On April 1, 2000 the **Wisconsin Health Insurance Risk Sharing Plan Fund** balance was -\$11 thousand. This shortfall continued until April 6, 2000 when the balance reached \$49 thousand. This shortfall was due to the timing of revenues.

On April 1, 2000 the **Wisconsin Petroleum Inspection Fund** balance was -\$1.15 million. This shortfall continued until April 3, 2000 when the balance reached \$13.42 million. On April 4, 2000 the balance was -\$2.43 million. This shortfall increased to -\$29.27 million on April 7, 2000, and decreased to -\$3.12 million on April 10, 2000. This shortfall continued until April 11, 2000 when the balance reached \$2.88 million. These shortfalls were due to the timing of revenues.

On April 1, 2000 the **Wisconsin Lottery Fund** balance was -\$63.95 million. This shortfall decreased to -\$34.63 million on April 10, 2000, to -\$29.00 million on April 14, 2000, and to -\$24.79 million on April 28, 2000. The Department of Revenue estimates that the balance will be positive again in mid-June. This shortfall is due to a timing difference between the distribution of property tax credits and the receipt of Lottery revenues.

The Honorable Donald J. Schneider
The Honorable Charles Sanders
May 22, 2000
Page 2 of 2

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Health Insurance Risk Sharing Plan Fund, Wisconsin Petroleum Inspection Fund, and Wisconsin Lottery Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,



George Lightbourn
Secretary



Legislative Fiscal Bureau

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

May 26, 2000

TO: Senator Brian Burke, Co-chair
Representative John Gard, Co-chair
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Continuation of Wisconsin Public Service Corporation Grant to DOA for Energy Efficiency Public Benefits Programs

BACKGROUND

In a letter (copy attached) to the Co-chairs dated April 28, 2000, Department of Administration (DOA) Secretary George Lightbourn advised that upon Public Service Commission (PSC) approval, DOA plans to extend an existing contractual agreement between it and the Wisconsin Public Service Corporation (WPSC) until December 31, 2002. The WPSC is an electric and gas public utility headquartered in Green Bay with a 23-county Wisconsin service area, primarily in the northeastern part of the state. Although referred to as the extension of a current agreement, this proposal (which is still only in draft form) would represent a new contract and a new grant of funding to DOA. Under this new grant, the WPSC would continue to fund the development and administration by DOA of a variety of energy efficiency and conservation and other related programs in the Wisconsin counties served by the utility through the period of the grant. In contrast to how the previous grant was handled, the DOA Secretary is not requesting that the Committee approve the expenditure of these new grant funds.

You have inquired whether Committee approval of the funding is required before the proposed contract extension with the WPSC is executed and the grant funds are expended. This position could be supported, based on the precedent that the original 1998 agreement between DOA and the WPSC was submitted to the Committee for its review before the contract was formalized and that the Committee formally acted under s. 13.10 to approve the acceptance of that grant. Furthermore, there are additional implications arising from any new contract extension that may be of concern to the Committee as a result of provisions of the electric and gas utility "Reliability 2000" initiative contained in 1999 Wisconsin Act 9. The continuing program responsibilities to be undertaken by DOA on behalf of the WPSC under the proposed contract extension will impact on

the new DOA responsibilities created by this law and these new responsibilities will ultimately necessitate Committee approval of administrative support funding and position authority.

Under these Act 9 provisions, certain expenditures currently being funded by public utilities in support of a variety of existing initiatives (collectively referred to as "public benefits programs") must be transitioned from electric and gas utilities to DOA. As defined under Act 9, "public benefits programs" are those involving: (1) energy conservation and efficiency ["demand-side management"] efforts; (2) services to low-income utility customers, including low-income weatherization, arrearages and the writing off of uncollectible bills; (3) environmental research and development; and (4) renewable resources development. The transition of these programs from the WPSC (and other Wisconsin electric and gas utilities) will occur over a three-year period beginning in calendar year 2000 and terminating at the end of calendar year 2002, in accordance with a timetable currently being developed by the PSC.

During this transitional period, it is expected that increasing amounts of the grant funds that would be provided by the WPSC under the proposed new contract will lose their character as grant funds to DOA for its management and delivery of public benefits programs in the WPSC's service area. Rather than continuing to be available as grant funds to DOA, these monies will instead have to be credited to the new segregated public benefits fund. Once the funds are deposited into the public benefits fund, they may be used only for statewide public benefits programs and cannot be earmarked solely to one utility's service area. Currently, although DOA has a general program operations appropriation to support the administration of the transferred public benefits programs, no actual funding or position authority has yet been provided under this appropriation. The grant funds received under the current contract are deposited into a general DOA gifts and grants PR appropriation.

In order to further clarify the potential implications of some of these matters, the remainder of this memorandum: (1) reviews the original 1998 agreement between DOA and the WPSC and describes the Committee's role in approving the grant provided under that original agreement; (2) briefly reviews the potential impact of certain Act 9 "Reliability 2000" initiative provisions on the proposed new contract; and (3) briefly analyzes the draft contract proposal in light of the foregoing discussion and presents a range of possible actions that the Co-chairs might take relative to the proposed new contract.

1998 CONTRACT BETWEEN DOA AND THE WPSC

Background. For a number of years beginning in the mid-1980's, the PSC has required or allowed individual utilities as part of the rate-setting process to provide energy efficiency services (also known as demand side management programs) for their customers. The purpose of these programs has been to reduce the overall rate of increase in energy demand, thereby forestalling the need for costly new power plant construction. Initially, these programs had to rely on the regulated utilities for their implementation in the absence of any private sector markets that could provide the appropriate energy efficiency services.

Then, in a series of rate orders during 1996 and 1997, the PSC began to anticipate the eventual restructuring and deregulation of electric and gas utilities. The Commission began to require utilities to submit transition plans to migrate their demand side management and other public benefits programs to public or private sector entities. Initially, the PSC found the draft transition plan proposed by the WPSC to be unresponsive to the Commission's directives. In light of this fact, PSC staff recommended that all energy efficiency programs operated by the WPSC be removed from the utility's control and instead be assigned to another party under a PSC-supervised competitive bidding process.

Subsequently, however, the WPSC developed a revised transition plan under which it proposed to fund DOA's administration and delivery of a pilot energy efficiency [demand side management] program for the utility's customers during 1998 and 1999. This pilot project (now referred to as "Wisconsin Focus on Energy") was developed to help assess the viability of state delivery of such programs. Also, in line with emerging PSC policies leading to the restructuring of the electric utility industry, it was anticipated that upon the conclusion of this original agreement at the end of the 1999 calendar year, the continuing provision of such energy efficiency public benefits programs would permanently transition to one or more parties other than the public utility.

Submission of the 1998 Grant Proposal to the Joint Committee on Finance. On April 24, 1998, DOA requested that the Committee approve the agency's acceptance of a two-year grant of \$16,750,000 PR from the WPSC to enable DOA to conduct a variety of energy efficiency pilot programs in the utility's service area. The WPSC grant would be credited to DOA's existing gifts and grants appropriation.

Under s. 20.907(1) of the statutes, all gifts, grants and bequests received by the state or by state agencies "shall be legal and valid" upon the express approval of the Joint Committee on Finance, unless otherwise provided by law. In general practice, however, the routine acceptance and expenditure of gift and grant funds by the state agencies has been allowed without requiring Committee approval, if certain conditions are met. These conditions are: (1) the agency has a statutory gifts and grants appropriation that permits the acceptance and expenditure of such funds; (2) the purposes for which the gift and grant funds are to be expended are consistent with the statutory authority of the agency; and (3) the proposed expenditures will be consistent with the purposes for which the gift or grant is made. Based on these general considerations, it is likely that DOA could have chosen to receive and expend the \$16.75 million WPSC grant without the prior approval of the Committee. However, because of the size of the proposed grant and the policy implications of having DOA undertake the potentially long-term administration of one or more major public benefits programs, the Secretary of DOA chose to submit the proposed grant to the Committee under s. 13.10 for its approval of the proposed expenditure.

Preliminary Committee Approval of the 1998 Agreement. At the Committee's June 4, 1998, meeting under s. 13.10, the Committee approved acceptance of the WPSC grant subject to the following conditions: (1) the receipt by the Committee of a letter from the PSC specifying that the proposed agreement and DOA's plan for the pilot project were in accordance with the PSC's final order governing the WPSC's demand side management program transition plan; (2) the receipt and approval by the Committee under a 14-day passive review process of the final contract, the

associated memorandum of understanding between DOA and the PSC and the DOA pilot plan and budget; and (3) the understanding that DOA must submit a preliminary evaluation of pilot activities to the Committee by August 1, 1999, with a final evaluation due by March 1, 2000 (or 90 days following the contract ending date, if it is extended at DOA's sole discretion from December 31, 1999, to June 30, 2000).

Following the receipt and approval of these materials, the Committee also stipulated that DOA could request up to 2.0 PR project positions under a similar 14-day passive review process in order to provide program support for the grant. In justifying any such requested positions, DOA was also directed by the Committee to attach a report indicating the results of an evaluation by DOA and the PSC of the ability of existing agency staff to administer the grant and specifying why DOA could not administer the grant using the existing personnel available within the two agencies.

Finally, the Committee adopted a statement of its intent that approval of the WPSC grant did not constitute a legislative endorsement of any future executive branch decisions or recommendations governing utility deregulation and restructuring or the delivery of public benefits programs.

Final Committee Approval of the 1998 Agreement. On July 14, 1998, DOA submitted the requested supplementary materials and justifications and simultaneously requested authorization for 2.0 PR two-year project positions in DOA to administer the grant program. On August 6, 1998, the Committee approved DOA's proposed contractual agreement with the WPSC for the delivery of energy efficiency-related public benefits programs in the counties served by the utility. The Committee also authorized the 2.0 PR two-year project positions requested by DOA for program administration. As part of this final approval action, several additional stipulations were attached such that any subsequent changes to the project that were "material and fundamental" or exceeded the lesser of \$100,000 or 10% of a specific project's original budget would have to be approved again by the Committee under a passive review process.

Elements of the Approved 1998 Agreement. As finally approved by the Committee, the grant to establish DOA's Wisconsin Focus on Energy pilot project consisted of the following budgeted major expenditure components:

Energy Efficiency Pilot Program Budget

<u>Item</u>	<u>Amount</u>
Administrative Costs	\$551,000
Energy Center of Wisconsin Contribution	1,200,000
Pilot Programs	13,324,000
Evaluation of Programs	<u>1,675,000</u>
TOTAL	\$16,750,000

DOA Administrative Costs. Grant funds of \$551,000 were earmarked to support the 2.0 PR two-year project positions and for other administrative costs.

Energy Center of Wisconsin Contribution. The terms of the contract specified that a portion of the grant funds would be used, at WPSC's request, to make the two annual contributions of \$600,000 each to the Energy Center of Wisconsin (ECW) which are normally made by the utility. The ECW is the primary administrator of utility-sponsored research, development and demonstration programs in Wisconsin.

Pilot Programs. A total of \$13,324,000 was earmarked for a variety of energy efficiency programs. Under DOA's approved proposal, the following thirteen energy efficiency programs were to be funded from the WPSC's grant during the two-year period.

<u>Program</u>	<u>Funding</u>
Multi-Sector Programs	
Standard offer (energy efficiency bids)	\$4,964,000
Energy efficiency research and development	300,000
Education and Marketing Programs	
Pilot marketing program	1,550,000
Lambeau Field energy efficiency demonstration project	100,000
Energy education and training	900,000
Residential Sector Programs	
Home energy rating system	400,000
Rental and multi-tenant energy efficiency	550,000
Water heater conversion	200,000
Residential and Small Commercial Sector Programs	
Energy star products	400,000
Five star plus new construction	1,700,000
Commercial Sector Programs	
Wisconsin energy initiative - 2	760,000
Industrial Sector Programs	
Governor's industrial partnership program	500,000
Renewable Energy Sector Programs	
Customer based renewable energy	<u>1,000,000</u>
Total	\$13,324,000

Evaluation of Programs. The remaining funds of \$1,675,000, or 10% of the total grant, were earmarked for evaluation efforts. An evaluation of the pilot programs was deemed important because it would provide both guidance for the design and implementation of a full public benefits program in the future and data for evaluating programs operated by third-party providers.

At this writing, DOA has yet to submit to the Committee the required initial evaluation (due by August 1, 1999) of activities under the pilot program. In addition, it now appears that some of the grant funds provided to DOA by the WPSC will not actually be expended. Under the terms of the original agreement, any such unexpended funds must be returned to the utility and credited to its ratepayers.

IMPACT OF THE 1999 WISCONSIN ACT 9 "RELIABILITY 2000" INITIATIVE PROVISIONS ON A CONTINUING AGREEMENT

Background. Under the 1998 agreement between DOA and the WPSC, it was anticipated that the contract would "serve as a pilot program for the eventual operation, by DOA, of all utility-related public benefits program in Wisconsin." The original contract assumed that DOA would actually take on all of these public benefits program responsibilities upon the conclusion of the 1998 agreement (no later than June 30, 2000), following what was expected to be the likely adoption by the Legislature of a comprehensive utility restructuring initiative.

Act 9 Transition Provisions Governing Current Public Benefits Activities. Although not included in the Governor's original budget recommendations, the "Reliability 2000" initiative for restructuring the electric and gas utilities in the state was ultimately included in 1999 Wisconsin Act 9, the 1999-01 biennial budget act. Among other provisions, the electric and gas utility restructuring legislation established a three-year transition period (covering calendar years 2000 through 2002) during which time the utilities are to gradually phase over all of their current public benefits program provider functions (and funds) to DOA. However, under provisions of revised s. 196.374 of the statutes, the PSC is first required to determine the amount that each major electric and gas utility spent on public benefits programs during the 1998 calendar year. This figure will then become each public utility's on-going base level funding commitment, to be deposited in the new public benefits fund, for existing public benefits programs.

Act 9 requires each public utility to continue to collect through rates an amount that will be sufficient to fund this 1998 base level public benefits commitment. During the three-year transition period, a PSC order (still in development) will establish a timetable under which each public utility will spend decreasing portions of this 1998 base level funding commitment amount on its current public benefits programs. The remaining portion of the 1998 base level commitment, which is expected to increase during each year of the transitional period, must then be deposited into the public benefits fund. After the end of calendar year 2002, each utility's entire 1998 base level public benefits funding commitment will be paid entirely to the public benefits fund. [NOTE: In addition to this 1998 base level public benefits funding commitments required from the public utilities, Act 9 establishes additional, new public benefits fees that must be collected from ratepayers and also paid into the fund to support public benefits programs.]

WPSC Public Benefits Payments to DOA during the Act 9 Transition Period. Under the draft terms of the proposed new agreement between DOA and the WPSC, the utility would pay to DOA on a monthly basis, commencing January 1, 2000, (or commencing with a lump sum payment for the months from January 1, 2000, to the effective date of the agreement) the amounts that the utility spent in 1998 (as will be determined by the PSC) for all of its public benefits programs. However, the amounts remitted under the proposed agreement will not include the amounts spent for: (1) services to low-income utility customers, including low-income weatherization, arrearages and the writing off of uncollectible bills; or (2) the farm wiring (stray voltage) program. The WPSC would retain the responsibility to fund and administer (or contract for the administration of) these retained programs, while DOA would have the responsibility to administer all the remaining public benefits programs in the WPSC service area on behalf of the utility. The WPSC would be relieved of any obligation to develop or administer any of the public benefits programs that would be managed by DOA under the grant extension. [If the WPSC subsequently ends an existing contractual arrangement with the Wisconsin Energy Conservation Corporation to provide low-income weatherization programs in the WPSC service area, the utility would then begin to make payments to DOA so that it could undertake such services in the utility's service area.]

Funds received by DOA from the WPSC under the terms of the proposed extended agreement would not be considered public benefits funds that must be deposited to the new public benefits fund segregated account established under Act 9. However, once the PSC establishes a transition plan for current public benefits expenditures by electric and gas utilities, DOA would then be required to begin transferring the requisite proportionate share of the amounts being received from the WPSC to the segregated public benefits fund account. When the funds received by DOA from the WPSC are transferred to the segregated account in accordance with the transition plan, they would cease to be covered by the terms of the draft agreement. Once the funds are credited to the segregated public benefits account, they would have to be used for statewide public benefits programs and could no longer be earmarked solely for activities in the WPSC service area.

Current Funding and Staffing Considerations. The 1998 total public benefits funding commitment of the WPSC that would be subject to the provisions of the proposed agreement extension is not known with certainty at this time. An estimate prepared in March of this year by PSC staff for the WPSC's total 1998 public benefits base level expenditures set the amount at \$18.1 million, of which approximately \$14.9 million did not relate to low-income programs and, therefore, would presumably be subject to administration and delivery by DOA under the proposed agreement. The WPSC's own filings with the Commission have identified total 1998 public benefits base level expenditures by the utility at \$12.4 million, of which approximately \$9.6 million did not relate to low-income programs and would potentially be subject to administration and delivery by DOA. The PSC will have to resolve these differences and certify a final amount before payments under the proposed new agreement can be implemented. Further, absent a final determination of the amount of current public benefits program spending involved, it is not currently possible to determine the amount of funding that would be granted to DOA or the amounts that would initially be allocated for any specific public benefits program undertakings.

DOA indicates it will not be requesting an extension of the 2.0 PR two-year project positions authorized for the administration of the original 1998 agreement with the WPSC. To the extent that there would be continuing workload arising out of the proposed contract extension, it is understood that this would be addressed by reassigning current FED-supported Energy Bureau staff funded under the federal Energy Policy and Conservation Act. Any additional staff that would be required for the administration of statewide public benefits programs will ultimately have to be authorized by the Committee and would be funded from the new public benefits fund. Provisions of Act 9 created a new general program operations appropriation under DOA, funded from the public benefits fund. However, no funding or position authority was provided under this appropriation. It is expected that DOA will submit a funding and position request under s. 13.10 procedures for the necessary resources to administer its new Act 9 public benefits responsibilities. However, it should be noted that any positions authorized by the Committee under such a request could not be used to provide staff support for a continuation of the WPSC grant to DOA. Only public benefits programs of statewide scope and impact may be supported from the new Act 9 public benefits appropriation.

POSSIBLE COMMITTEE RESPONSES TO THE PROPOSED GRANT EXTENSION

Secretary Lightbourn's April 28, 2000, letter to the Co-chairs states that its purpose is to provide "notice to the Committee that DOA, upon approval of the PSC, will extend the existing contract [with the WPSC] until the end of the Public Benefits transition period." You inquired whether any Committee action is warranted in response to Secretary Lightbourn's letter. The following considerations may be relevant to determining the type of Committee response to Secretary Lightbourn's letter:

- Based on current law requirements, approval of the original grant proposal by the Committee was not required. However, DOA requested that the original grant be approved by the Committee because of the amount of funding involved and the potential policy implications DOA's assumption of the administration and delivery of public benefits programs. The Committee could argue that this previous approval action established a precedent that should continue to apply if a second grant is to be accepted by DOA and expended for public benefits program purposes.
- The original contract between the Wisconsin Public Service Corporation and the Department of Administration, which was subject to PSC regulatory jurisdiction, did not contain any provision for extension of the contract beyond June 30, 2000.
- The PSC has not yet acted, as it did for the existing agreement, to authorize either the extension of the existing agreement beyond June 30, 2000, or the execution of a new agreement.
- The PSC has not yet acted, pursuant to provisions of 1999 Wisconsin Act 9 "Reliability 2000" provisions, to specify for individual utilities their 1998 public benefits base funding level or to approve utilities' public benefits transition plans. [PSC action on these matters is anticipated on May 30, 2000.]

• The initial evaluation of the pilot project's activities (which was supposed to be submitted to the Committee by August 1, 1999) has not yet been submitted. This evaluation could have a bearing on the desirability of extending some or all of the public benefits activities funded under the original agreement.

• It is anticipated that some of the funding provided under original grant will not be spent and will be returned to WPSC.

The Co-chairs could consider the following possible courses of action in response to Secretary Lightbourn's April 28, 2000, letter:

1. As one alternative, since the letter states that it was submitted solely for the information of the Committee, you could view that communication as a courtesy notification only, requiring no Committee further action.
2. As a second alternative, whether the proposed agreement contract is viewed as an extension of the previous 1998 contract or represents a separate, new initiative, you could assert that any expenditure of grant funding in this biennium ought to be presented to the Committee for its approval, as was done for the 1998 agreement. This position could be justified on the grounds that the new grant involves a potentially large amount of funds and also has implications for how DOA will implement the new public benefits fund authorized under Act 9. This position would underscore that you believe DOA's previous decision to obtain Committee approval for such a significant expenditure and policy initiative was the correct action for the agency to take.
3. As a third alternative, you could request that any final action formalizing a new agreement between DOA and the WPSC not be taken until the Secretary has provided the Committee with the following additional information: (a) a certification that the PSC has approved the proposed agreement between DOA and the WPSC; (b) a certification by the PSC of utilities' 1998 base level public benefits expenditures and a synopsis of the appropriate public benefits transition plan applicable to the WPSC; and (c) a description and proposed budget of the existing pilot programs or additional pilot programs that would be undertaken as a result of the new grant from the WPSC.

After you have had the opportunity to review this memorandum, this office will contact you to determine what further action, if any, you wish to take in response to Secretary Lightbourn's April 28, 2000, letter advising of DOA's intention to extend a contractual agreement between it and the WPSC for the administration and delivery of public benefits programs through December 31, 2002.

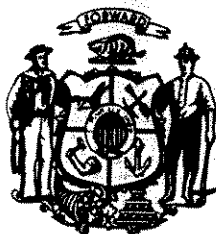
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Attachment

ATTACHMENT

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

April 28, 2000

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
Room 316 South, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
Room 315 North, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

On August 6, 1998 the Joint Committee on Finance approved a Department of Administration (DOA) request to enter into a \$16.75 million contract with Wisconsin Public Service Corporation (WPSC) under which DOA accepted responsibility for WPSC's energy efficiency programs then being operated pursuant to Public Service Commission (PSC) regulations.

As DOA prepares to implement the requirements of 1999 Act 9 relating to Utility Public Benefits, it has become apparent that the term of this pilot project needs to be extended. The original contract envisioned a statewide program replacing the pilot at its conclusion on June 30, 2000. In fact, 1999 Act 9 creates a three-year transition period to a statewide program. During that time, DOA and the electric utilities will share responsibilities for public benefit programs. DOA will assume a growing portion of the program responsibility while the electric utilities retain a decreasing portion.

Because WPSC has contracted with DOA for delivery of its energy efficiency obligations for the past two years, the firm has asked DOA to extend that contract for the period of the transition and, in effect, manage its transition. This would allow activities not yet transferred to the Public Benefits program (which remain a WPSC responsibility) to be handled by DOA without interruption. WPSC proposes to transfer its 2000 funding obligation to DOA along with its decreasing obligations for 2001 and 2002 according to the PSC transition plan that will be approved later this year.

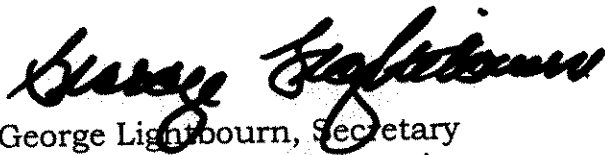
April 28, 2000
Page 2 of 2

The result of this contract extension will be that WPSC will be able to comply with its PSC mandates without undue expense and will avoid the need to temporarily assume responsibility for programs that WPSC will simply return to DOA over the next three years.

By means of this letter, I am providing notice to the Committee that DOA, upon approval of the PSC, will extend the existing contract until the end of the Public Benefits transition period.

Please let me know if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "George Lightbourn". The signature is written in a cursive style with a large, prominent initial "G".

George Lightbourn, Secretary
Department of Administration

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY



Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
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June 15, 2000

The Honorable Brian Burke, Co-Chair
The Honorable John Gard, Co-Chair
Members of the Joint Committee on Finance
113 South, State Capitol
Madison, Wisconsin 53702

Dear Senator Burke, Representative Gard, and Members:

In accordance with sec. 16.531(1), Wis. Stats., we are submitting a report for the next quarter on the use of the authorities conferred in sec. 16.53(10)(a), Wis. Stats., sec. 20.002(11)(a), Wis. Stats., and Subch. III of Chapter 18, Wis. Stats., related to cash flow management and the issuance of operating notes.

The following cash forecasts are based on the General Fund condition statement as estimated by the Legislative Fiscal Bureau in its January 24, 2000 letter.

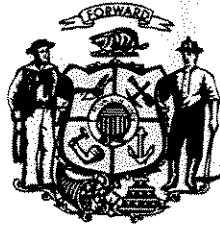
General Fund Cash Forecast
July - September 2000
(\$ in millions)

Month	Beginning Balance	Receipts	Disbursements
July	\$ 742.9	\$1,423.9	\$1,887.4
August	279.4	1,280.7	1,006.7
September	553.4	1,752.4	1,483.4
October	822.4		

During the next fiscal quarter, the General Fund cash balance is projected to remain positive. Therefore, for the General Fund, it will not be necessary to exercise the authority granted under sec. 20.002(11)(a), Wis. Stats., pertaining to the temporary reallocation of certain eligible surplus moneys or the authority granted under sec. 16.53(10)(a), Wis. Stats., pertaining to the delay of payments.

Sincerely,


George Lightbourn
Secretary



TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

June 27, 2000

The Honorable Donald J. Schneider
Senate Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53707

The Honorable Charles Sanders
Assembly Chief Clerk
1 East Main Street, Suite 402
Madison, WI 53708

Handwritten signature: J. F. [unclear]

Dear Chief Clerk Schneider and Chief Clerk Sanders:

This report is transmitted as required by sec. 20.002(11)(f), Wis. Stats. (for distribution to the appropriate standing committees under sec. 13.172(3), Wis. Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of May 2000.

On May 1, 2000 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$13 thousand. This shortfall increased to -\$20 thousand on May 11, 2000, decreased to -\$8 thousand on May 26, 2000 and continued into the month of June. As of the date of this letter, it is expected to be resolved soon. This shortfall is due to the timing of revenues.

On May 18, 2000 the **Wisconsin Petroleum Inspection Fund** balance was -\$4.53 million. This shortfall continued until May 23, 2000 when the balance reached \$12.15 million. This shortfall was due to the timing of revenues.

On May 1, 2000 the **Wisconsin Lottery Fund** balance was -\$24.79 million. This shortfall decreased to -\$16.64 million on May 12, 2000, to -\$9.06 million on May 25, 2000, and to -\$7.71 million on May 31, 2000. This shortfall continued until June 16, 2000 when the balance reached \$1.36 million. This shortfall was due to a timing difference between the distribution of property tax credits and the receipt of Lottery revenues.

The Wisconsin Health Education Loan Repayment Fund, Wisconsin Petroleum Inspection Fund, and Wisconsin Lottery Fund shortfalls were not in excess of the statutory interfund borrowing limitation and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the

The Honorable Donald J. Schneider
The Honorable Charles Sanders
June 27, 2000
Page 2 of 2

average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,



George Lightbourn
Secretary