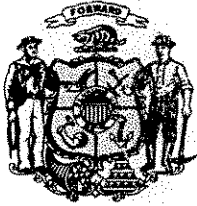


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Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

March 16, 1999

Remarks of Chairperson Ave Bie

Thank you for giving me the opportunity to address you today to provide you with a summary of the provisions in the proposed 1999-2001 biennial budget bill relating to the Public Service Commission (PSC). The proposed 1999-2001 budget recommends a 1.0 % growth in the PSC's general program operational appropriations, when compared to the base year doubled. If you take into account the proposed reductions in the universal services fund program, the budget proposal before you contains a net decrease of -8.2% over the base year doubled. The current budget proposal also recommends no new positions for our agency. I would like to take a few of minutes to highlight some of the budget issues.

Request for \$55,900 each year of the biennium to install Ethernet Technology at the Commission.

The PSC is requesting this funding to install an Ethernet backbone as part of our efforts to meet the DOA's information technology standards. The PSC's current backbone technology is outdated, does not meet DOA standards and is not Y2K compliant. The PSC proposes to install this upgrade pursuant to a 3 year master lease.

Request to create a gifts and grants appropriation for the Global Tel Link, Inc. settlement.

At our request, the Governor included a provision which created a gifts and grant appropriation under s. 20.155 (1) (Lm). The PSC currently has a gifts and grants appropriation from the stray voltage program funding in s. 20.155 (1) (Lb). The inclusion of this language would enable the Public Service Commission to use the undistributed refunds arising from a court settlement between the State of Alabama and a telecommunications provider relating to overcharges to consumers. That settlement directed the balance of any remaining funds remitted by the provider to eight states, including Wisconsin, be spent on the promotion of consumer awareness pursuant to an order of each state public service commission. Initial plans have been developed for a comprehensive public awareness campaign to inform and educate Wisconsin consumers on slamming, cramming, privacy, and long distant and local area calling provider choices.

Request to provide \$84,000 in one time funding for Remodeling

To facilitate an even distribution of the Commission's legal workload, our agency has considered the possible consolidation of our legal resources into a central work area under the Office of the Chief Counsel. This proposed funding would provide our agency with the flexibility to place our legal staff into one area and enable us to meet the growing workload demands of our program divisions.

Request for \$39,500 to fully fund the Mobile Home Park Regulation Program

As a result of WI Act 229, the PSC was assigned the responsibility to regulate water and sewer complaints from persons who live in mobile home parks. The request in our budget provides the salary and fringe resources necessary for the project position created in Act 229. The position authority terminates on June 30, 2001.

Request for \$10,000 each year of the biennium to obtain a new natural gas cost of service model.

This funding would enable our staff to conduct more thorough analysis of unbundled gas services. Staff currently relies on a gas cost of service model that is over a decade old. Moreover, the factors used in their current cost of service model are not relevant in today's partially deregulated gas industry.

Request by the Governor to study the creation of Electric Retail Choice in Wisconsin

The budget directs our agency to do a study on implementing retail consumer choice for all consumers of electricity in the state. The study would address a variety of issues concerning electric restructuring and require our agency to submit a comprehensive report to the Governor and the Legislature on how Wisconsin should address electric retail choice. The issues are large and the stakes for everyone are high. I fully support this approach and will do my utmost to provide all of you with a study report that can be used to shape the appropriate course of action for Wisconsin.

Request for Universal Services fund Changes

As part of 1993 Wisconsin Act 496, the Universal Service Fund was established. Under the Act, the USF can be used for the purposes set forth in Wis. Stat. s. 196.218(a) 1.-4., which includes assisting customers located in high cost telecommunication markets; helping low income customers and disabled customers obtain affordable access to a basic set of essential telecommunication services; and assisting the deployment of advanced service capabilities of a modern telecommunications infrastructure throughout our state and to promote affordable access throughout the state to high-quality education, library and health care information services. The PSC administers the USF program.

One of the programs established by the PSC in May 1996 is often referred to as the 30-20-10 program and makes discounts on certain telecommunications services available to schools, libraries and hospitals. The proposed budget recommendations would eliminate the program. The PSC is supportive of this change. This proposed change is consistent with the recommendation our agency offered in its report to the Governor and Legislature in December 1998 to consolidate this program with TEACH. I also agree with the TEACH Board request to transfer various statutory authority given to the PSC when TEACH was initially created to the now operational TEACH Board.

Page 5

In the Governor's budget it was proposed that a transfer of \$1.624 million be made to the TEACH program from the USF 30/20/10 program and that TEACH should pay the remaining commitments to participants in the 30-20-10 program of \$ 67,200 in FY 00 and \$9,100 in FY 01. Since the introduction of the budget bill, TEACH, PSC and DOA staff have met to discuss the proposed transfer of the cash balance of the USF program, including the 30/20/10 program, to the Teach program. Both TEACH and PSC now agree that the funds that were thought to be attributable to the 30-20-10 program were not. The intent of this proposal was to simply transfer the unspent cash assessment relating to the 30/20/10 program. This actual cash balance for the 30/20/10 program is significantly less than \$1.624 million. For these reasons, both TEACH and the PSC recommend that the \$1.624 million transfer not be made and that the PSC will pay for the remaining commitments to the participants of the 30-20-10 program. If the Universal Services Fund cash balance is used for other purposes the PSC will need to initiate collections from the telecommunication providers beginning in July, 1999 for the remaining programs.

I am aware of the concerns raised in the Legislative Audit Bureau. The PSC is currently reviewing the concerns in the audit on each of the Universal Service Fund programs and are making significant progress in this effort.

TESTIMONY OF
**Marlene Cummings, Secretary of the
Department of Regulation and Licensing**
Before the Joint Committee on Finance
**Senator Brian Burke and
Representative John Gard, Co-chairs**
Concerning
1999 Senate Bill 45
1999 Assembly Bill 133

Room 411 South- State Capitol.
Tuesday, March 16, 1999 9:30 A.M.

Thank you Senator Burke and Representative Gard and members of the committee for this opportunity to present to you the major budget initiatives of the Department of Regulation and Licensing. I am Marlene Cummings, Secretary of the Department of Regulation and Licensing. In the budget proposal before you the Department is proposing to build on prior initiatives to more effectively and efficiently serve our customers, the public and the state's credential holders, including several information technology projects

Last year, the Joint Committee on Finance authorized a pilot project to provide legal assistants and investigators to assist our Division of Enforcement in moving cases more quickly through the legal action stage of the complaint handling process. We believe this pilot has great merit and has already made the complaint process more timely and efficient. The number of cases closed with formal action increased 36%. Cases in the legal action stage take only 79% as long to reach closure as in prior quarters. Very importantly, in less than a year, 83% of the Department's old cases have been resolved. Therefore, the Department is requesting that the pilot be renewed for 2 years during which time we will conduct an ongoing evaluation of its results to present to this committee. The request is for \$229,800 in FY00 and \$311,200 in FY01.

1997 WI Act 311 provided for positions to assist the Medical Examining Board in its activities and requires a toll free line to take complaints involving physicians. The Department is requesting funding to implement these provisions, \$146,800 in FY00 and \$131,300 in FY01.

Building on our Information Technology infrastructure is a top priority. First, we propose to enhance the agency's automated complaint tracking system through an imaging process that will eliminate the paper process currently used. Complaints will be organized centrally, routed, scheduled and monitored electronically.

With an expectation of over 2200 complaints this next year for 97 different professions and organizations, we anticipate this item will speed the routing process, save storage space and time of staff, provide more convenient access to board members and enforcement staff and provide more timely service to complainant customers. The Department is reallocating base budget resources to handle the majority of the costs for this project, but is requesting \$10,000 in FY00 and \$5,000 in FY 01 to complete the project.

The second IT initiative of the Department that I would like to emphasize will greatly enhance customer access to our services. In the past 5 years, the rapid growth of personal computer ownership for business and home usage has grown dramatically as has use of the Internet. Currently, most of the Department's static data is available on the Internet. Last year we ran a successful pilot program which gave selected hospitals access to our credential holder database. Our customers loved it and, at the same time, staff time for responding to questions was reduced. In the interest of more timely, efficient service to customers, Internet access to services is one very important tool we want to further develop. We seek to use consulting services to explore the feasibility of a number of services and to do the programming necessary to implement the most practical ones. Viable services include: credential renewal (175,000/year), name and address changes of credential holders, credential and complaint application forms and responses to inquiries concerning the status of credential holders. Again, we plan to reallocate base resources for a portion of this project and are requesting \$77,000 in FY00 and \$70,000 in FY01.

A third initiative to better serve our customers is the establishment of a call center to streamline the answering and distribution of the 20,000 phone calls received each month. The call center will integrate inter-active voice response and imaging technologies into the system. Hardware, software and line charges will be \$33,100 in FY00 and \$7,800 for future maintenance.

The Department is also requesting funds to maintain a data transfer line with the Dept. of Health and Family Services required by 1997 WI Act 27(Budget Bill). This line is necessary for completing background checks for those who work with or in a child care or health care facility. \$10,200 is being requested for each year of the biennium.

Of course, the budget bill includes changes to fees. Basic renewal, reciprocal and initial application fees are changed to reflect the approximate administrative and enforcement costs of the department that are attributable to the regulation of a particular occupation or business during the biennium. These fee changes are required by law. The bill also includes statutory changes to provide fees that an applicant must pay to process an application on an expedited basis.

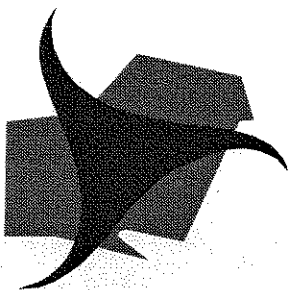
Over the last biennium, 8 new professions were added to the Department's responsibilities. Resources must be made available to accomplish the multiple tasks involved in regulating a profession. Handling of customer/constituent applications and complaints in a timely manner is a growing issue for the Department. Use of information technology has been one effective tool to help address this issue but additional resources are necessary. Administrative support and costs including board member per diems, travel, rulemaking, application handling, printing, postage, examination development and complaint resolution can only be effectively managed with additional resources. We are requesting \$40,200 in each year of the biennium to help cover these costs.

Technical amendments are requested to the requirements for registration of cemeteries to require a separate registration for each cemetery at which 10 or more cemetery lots or mausoleum spaces are sold or which has 10 or more burials during a calendar year. Current law permits an entity that owns several cemetery grounds at different locations to register as one cemetery.

A provision is included in the bill to create an uniform renewal date and continuing education deadline for hearing instrument specialists, audiologists and speech-language pathologists, provide a refund for audiologists who were unnecessarily required to hold two licenses and permit individuals who are not employees to assist speech language pathologists and audiologists in practice.

The bill requires that the department submit a report to the legislature by August 1, 2000 that includes proposed legislation on two subjects: (1) To establish a regular and orderly process for annually evaluating the continued necessity of at least 25% of the credentialing boards in the department and eliminating those that are determined to be unnecessary; and (2) To replace the current two-year credential with four-year credential.

Thank you again for the opportunity to brief the committee on the department's budget proposals included in the Governor's Budget Bill, Senate Bill 45 and Assembly Bill 133. If you have any questions I would be happy to answer them.



1999-2001 Transportation Budget

Presentation to the

Joint Committee on Finance

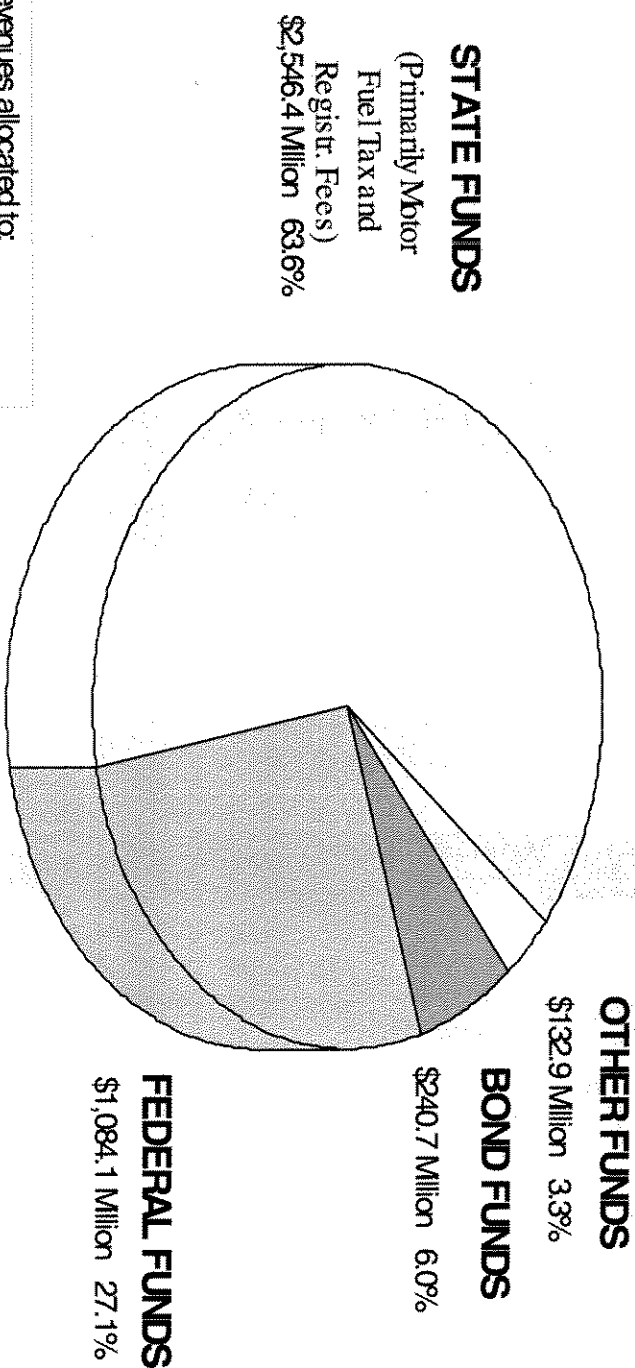
March 16, 1999

Secretary Charles Thompson



1999-2001 Transportation Revenue Sources All Funds

1999-2001 Transportation Revenues \$4.0 Billion



Revenues allocated to:

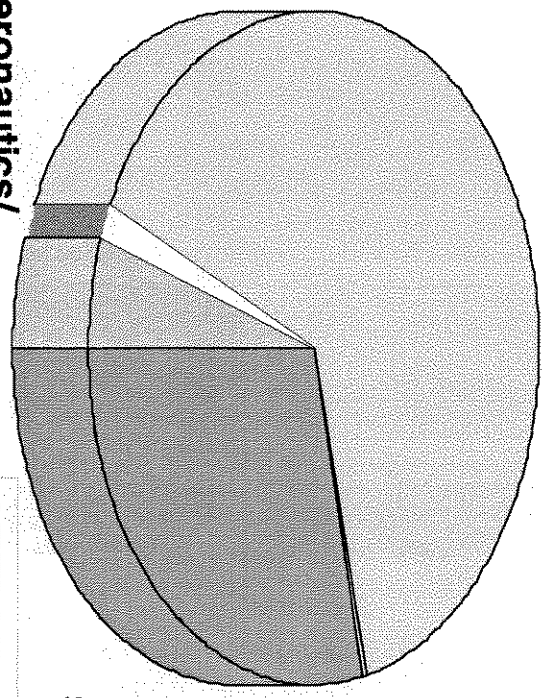
Total	4,004.1 Million
Other Agencies	-32.4 Million
Wis DOT	3,971.7 Million



1999-2001 Transportation Revenue Sources State Funds

1999-2001 State Transportation Revenues \$2.54 Billion

Motor Fuel Taxes
\$1,635.1 Million
64.3%



Lapses
\$6.0 Million
0.2%

Vehicle Registr. Fees
\$724.1 Million 28.5%

**Aeronautics/
Railroad
Taxes & Fees** \$40.4 Million 1.6%

Other Revenues \$136.3 Million 5.4%

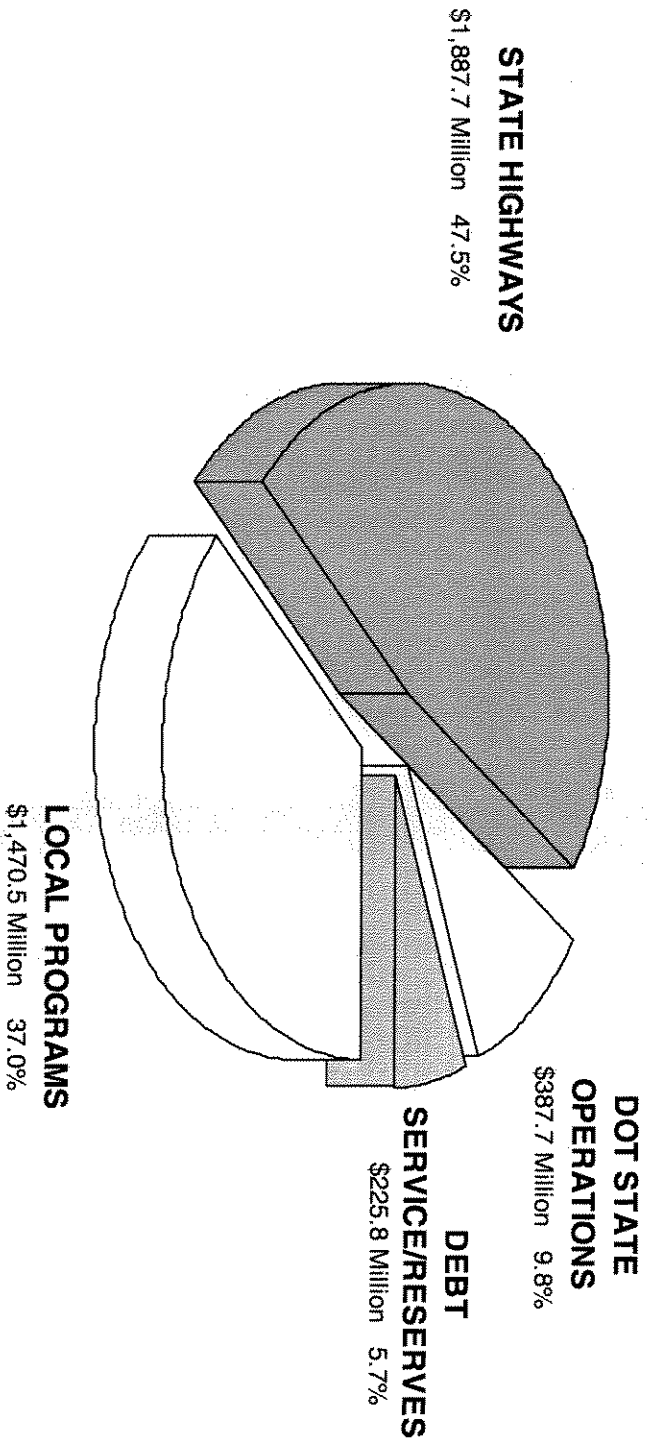
OTHER REVENUES:

Driver's License	\$62.4 M
Misc. Motor Vehicle	29.4 M
Motor Carrier Fees	6.9 M
Investment Earnings	11.7 M
Misc. Dept. Revenues	25.9 M



1999-2001 Transportation Expenditures All Funds

1999-2001 Transportation Budget \$3.97 Billion





1999-2001 Transportation Budget Finance Highlights

- No State Revenue Increase

- Projected Indexing

→ April 1, 1999	25.8 cents
→ April 1, 2000	26.4 cents
→ April 1, 2001	27.1 cents

- Wisconsin has a very narrow funding base compared to other states. We rely almost exclusively on fuel taxes and registration fees.

- Relatively high gas tax but rank 5th among the seven Midwestern states in total taxes and fees on vehicles and 30th among all states.

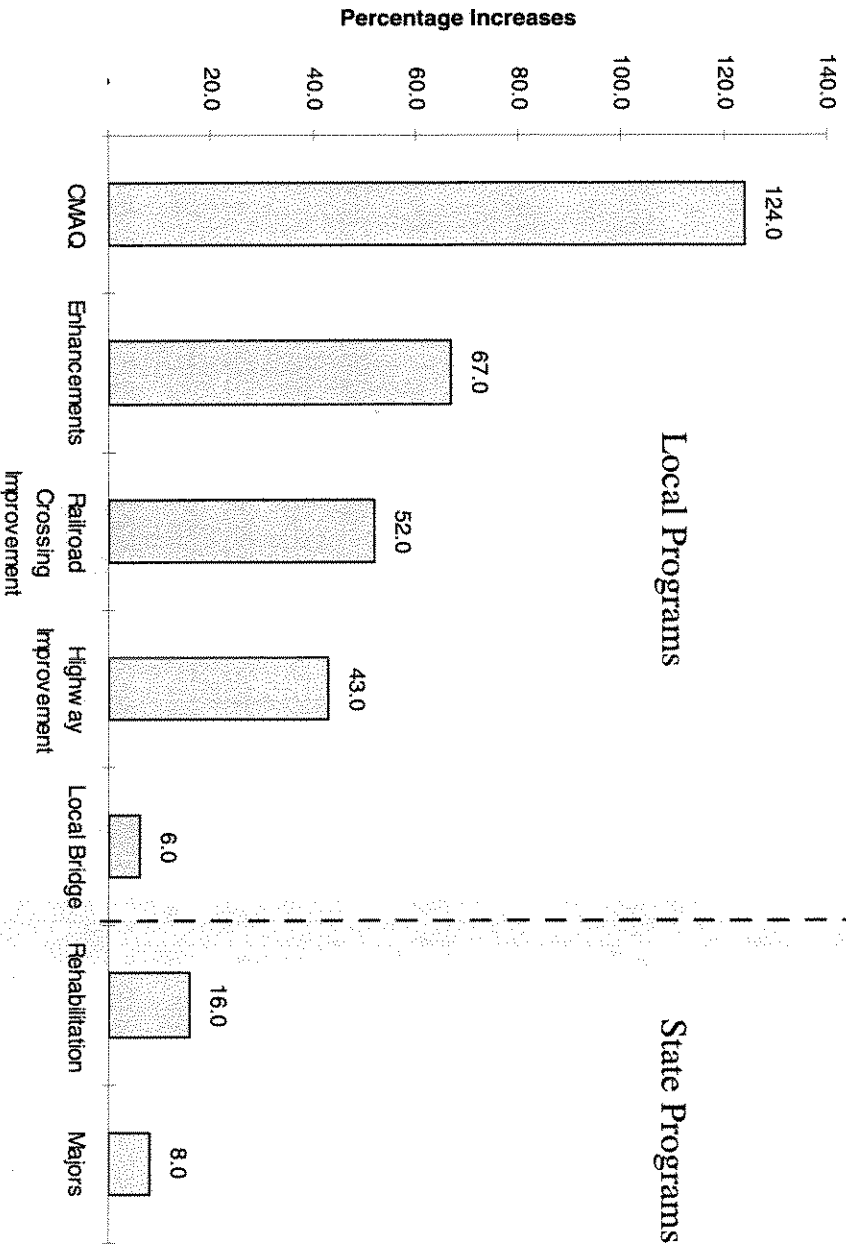
- Substantial funds to all modes of transportation.

- Ranks 10th among all states in terms of percent share of mass transit operating costs funded with state revenue.



Impact of TEA-21

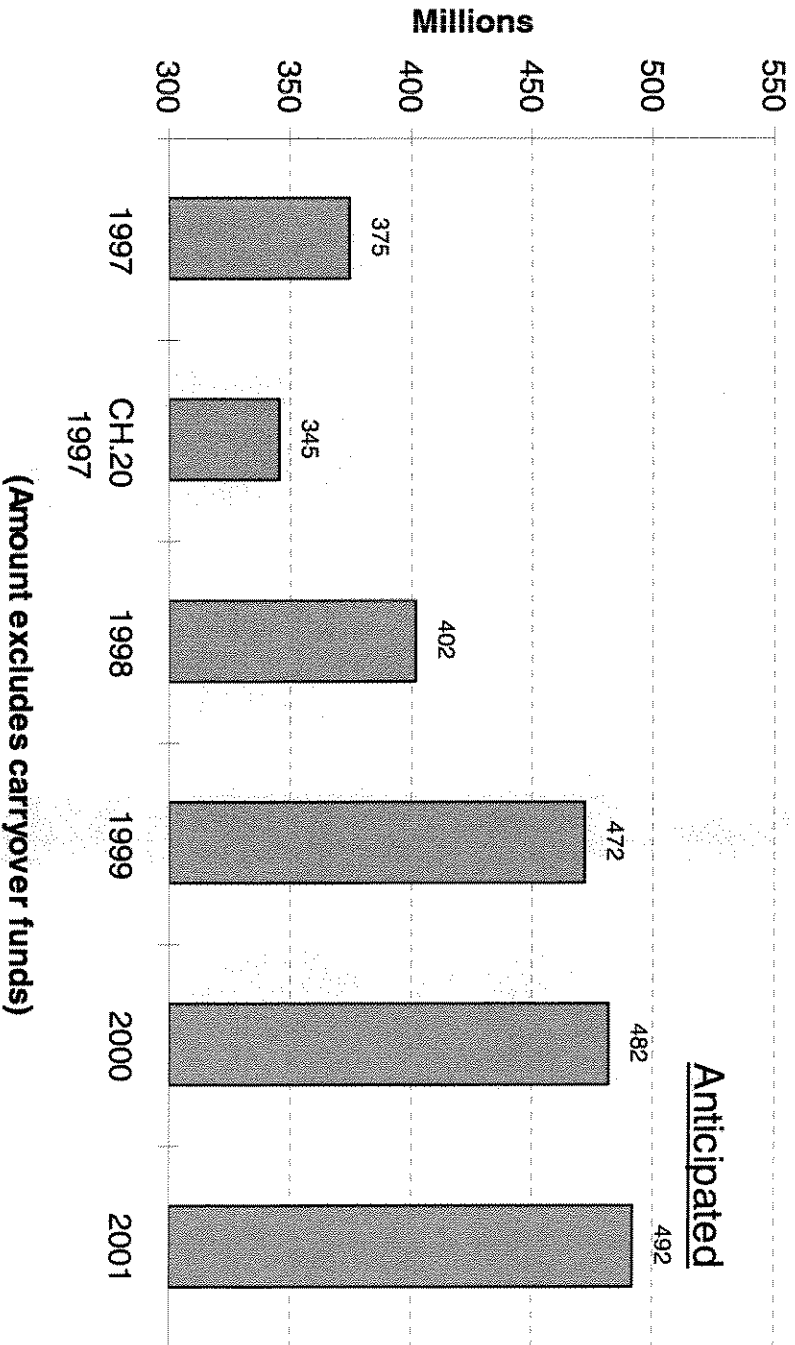
Percentage Increases in Base Funding for Selected Programs





1999-2001 Transportation Budget Federal Funding Levels

FEDERAL FUNDING LEVELS





1999-2001 Transportation Budget Status of Federal Funding for FY 2000

- Transportation appropriations process is just beginning
- Bills will hopefully be approved by both houses by mid-summer
- Bills must go to conference committee and then be signed by the President
- Final passage expected in September. Federal Fiscal Year begins October 1
- Actual federal-aid levels will not be known until final bill is passed



Framework for Decision Making: FY 1999-2001 Biennium

- Recognized that there was only a limited amount of money to address all Department needs -- approximately \$50M available after first draws
- Budget allocates funding to both state and local programs
- Some Local Programs, that received program increases in the FY99 Federal Expenditure Plan, were not given full programmatic or inflationary adjustments
- Sought balance in funding among key local aid programs: Transit, General Transportation Aids and Elderly and Disabled
- Maintenance and Highway Operation was the top priority in terms of State Highway Program needs
- Partially addressed several key operational needs: DMV, DSP, IT

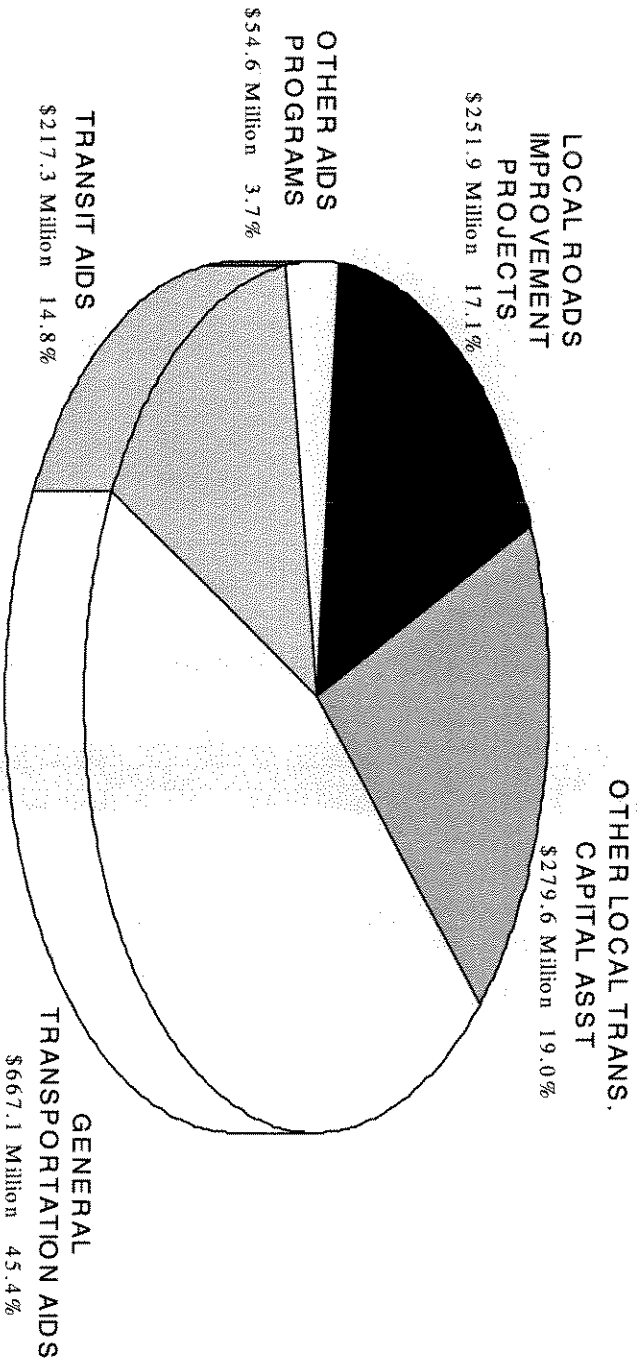


1999-2001 Transportation Budget Local Transportation Assistance

LOCAL TRANSPORTATION ASSISTANCE - ALL FUNDS

TOTAL BUDGET \$1.47 BILLION

Governor's Recommendation





1999-2001 Transportation Budget Local Aids: General Transportation Aid

- \$14.1 million increased funding for biennium.
- 3% increase for counties in CY 2000; will provide total funding of \$81.1 million/year.
- 3% increase in rate per mile in CY 2000 (from \$1,596 to \$1,644).
- 3% increase in funding for municipalities on share-of-costs aid.



1999-2001 Transportation Budget Local Aids: Transit Aid

- \$7.7 million increased state funding for biennium.
- Funds 3.5% increase for CY 1999 enacted in last biennial budget.
- Provides additional 3% increase for CY 2000.
- No additional increase for CY 2001.
- Policy intent: Ensure that combined state and federal funds will result in a constant non-local share.



1999-2001 Transportation Budget Local Aids: Elderly & Disabled Aid

- \$585,400 in increased state funding for biennium.
- Provides 3% increases in both 2000 and 2001.
- Only aid program DOT & Governor proposed increasing in both years.
Acknowledges importance of program.



1999-2001 Transportation Budget State Highway Maintenance & Traffic Operations

- \$15.4 million increased funding in biennium.
- More than an inflationary increase is needed because traveler expectations and the size of the state highway system are growing. No increases have been provided to recognize that since 1994 (only 3% annual increases were provided for 1998 and 1999).
- Snowplowing, marking, and signing are highly important to safety and convenience of public.



1999-2001 Transportation Budget Majors

- The governor recommends reducing the share of the Major Highway Program funding from revenue bond proceeds to 52% by FY 2001
- The Department's policy has been to utilize bonding for 55% of project costs
- Since the reduction in bond funding was offset by corresponding increases in state and federal funding, the bonding reduction will not impact DOT's ability to deliver the major highway program



1999-2001 Transportation Budget Division of Motor Vehicles

- The department requires additional resources to address Customer Service workload issues in several areas, including:
 - failure to pay forfeiture driver license withdrawals;
 - telephone service for customers; and
 - customer service at field service locations.

- The Governor also recommends the department establish a voluntary program that charges a fee for processing driver license withdrawals associated with non-traffic related local ordinance violations.



1999-2001 Transportation Budget Division of State Patrol

- The Wisconsin State Patrol provides traffic law enforcement on the major highway corridors 24-hours a day -- enforcing Wisconsin's traffic and motor carrier laws, assisting motorists and inspecting certain vehicles, to promote highway safety for all highway users.
- The ever-increasing number of vehicles and vehicle miles traveled, and increased assistance to county and municipal law enforcement agencies, have challenged the resources of the State Patrol.
- The Governor's budget provides funding to train sufficient recruits to fill all current vacancies and maintain a full complement of sworn officers in the field.
- In order to improve highway safety and traffic law enforcement, the Governor has also recommended an additional 14 state patrol officers, increasing the total complement from 386 to 400 officers.



1999-2001 Transportation Budget Division of Business Management

- Additional resources are required for DOT to meet its critical information technology (IT) needs, including: upgrading IT infrastructure; providing sufficient compensation to retain key IT personnel; and addressing Y2K.
- The Governor's budget provides \$1.2 million SEG annually, beginning in FY01, to fund long term underlying IT infrastructure architecture improvements necessary to implement and support existing programs and the department's Strategic Information Technology Plan.
- The budget also provides additional funding (\$442,000 SEG in FY00 and \$261,300 SEG in FY01) for discretionary compensation awards (DCAs) to retain key IT personnel



1999-2001 Transportation Budget Summary

- Limited state transportation resources
- Balanced approach to funding key programs
- Top priority = Highway Maintenance
- Addressed, in part, key operational needs



1999-01 Biennial Budget

Presentation to the Joint Committee on Finance by Patricia Lipton, Executive Director

The Investment Board now manages over \$60 billion in assets, an amount that places SWIB among the world's largest money management organizations.

Our work directly benefits the State in major ways:

- Nearly one in five Wisconsin residents is a Wisconsin Retirement System participant or family member. Our performance directly affects their financial security.
- Strong investment returns increased retiree benefits by more than double the rate of inflation over the last 15 years. As a result, over \$1.0 billion of benefit payments now enter the economies of communities across Wisconsin each year.
- For the third consecutive year, investment returns helped cut state and local taxpayer contribution rates for the WRS in 1999. Over 80% of the cost of pension benefits that today's retirees receive is funded from SWIB's investment earnings.
- SWIB made over \$1.0 billion of new investments in Wisconsin companies in 1998. We make special efforts to pursue investment opportunities in the State that provide market rate returns for the funds we manage. For example, we are developing an initiative to invest in biotechnology companies—a plan that has the potential to earn attractive returns and spur development of a leading edge industry in Wisconsin.

Three basic principles guide our investment strategy and resource planning:

1. A global and diversified investment strategy will earn the best return with the least risk over the long-term. Within this strategy, there will be a growing role for private market investments that offer greater returns but are more staff intensive to manage.
2. SWIB can provide competitive returns at much lower cost if our own staff manage most investments.
3. Management flexibility is critical due to rapidly growing assets, changing markets, and a fiercely competitive market for experienced investment staff.

Our budget is funded entirely from investment earnings:

- For each \$100 invested, we spend just two cents for agency operations. Our total cost of management, including fees paid to outside suppliers, is just 11 cents per \$100 invested. Our total expenses are less than the median cost for large public pension funds and are only a fraction of what mutual funds typically charge their investors.

- Our resource needs in the next biennium are driven by tremendous growth in assets. The funds we manage doubled in the last five years and increased by \$10 billion in just the last 18 months. We anticipate that we will have nearly \$75 billion under management by the end of the upcoming biennium.

The Governor's 1999-01 budget helps SWIB in four major areas:

1. Recruit and Retain Experienced Investment Staff—(LFB Summary Item #2).

We have lost 11 staff to the private sector in the last two and a half years. Several received compensation packages more than double what we are able to offer. For the third time in four years, we had to replace the director of our international stock portfolio. In addition, our two most senior investment directors retired and the investment director who currently has the greatest seniority is eligible to retire.

Budget constraints severely limit our ability to attract staff with the experience necessary to manage extremely large portfolios in global markets. For example, both of the international stock analysts we were able to hire had no prior experience. Seven of our nine domestic stock analysts had less than two years experience when they joined SWIB.

Within our current salary budget we were unable to hire anyone to manage a quantitative domestic equities portfolio. As a result, we had to contract out for this work at greater cost than had we been able to pay a competitive salary to manage the portfolio.

The staff we have been able to hire have strong potential, but there is no substitute for having worked in the business. A greater concern is that the loss of another one or two key people in any of our portfolios could create unacceptable risk.

A review by the Department of Employment Relations concluded that SWIB's "current compensation package places the Board at a critical disadvantage in recruiting and retaining experienced investment personnel." DER recommended improvements in base and bonus compensation.

The Governor's recommendation to increase the maximum performance bonus will help reduce a significant compensation gap and move SWIB toward what other leading state investment agencies provide. The bonus is paid only when portfolios surpass rigorous performance benchmarks. Over the five years ending June 30, 1998, SWIB returns exceeded performance benchmarks by \$475 million. The cost of bonuses paid in 1998 was less than 0.1% of the added return.

We request that the Joint Finance Committee also include funding recommended by the DER to improve base compensation for investment staff. Using a conservative estimate, the total gap between our investment staff salaries and the median salary in

the private sector exceeded \$2.0 million in 1997. DER has recommended a \$600,000 annual increase in base salary funding to begin to address a portion of the gap.

2. Address Critical Staffing Needs for Growing Portfolios—(LFB Summary Item #4).

Our staffing level has not kept pace with assets, particularly in our international and private equity portfolios. Only one person manages our global bonds portfolio. Our non traditional and private equities portfolios are each managed by only two staff. This limits our ability to assess market opportunities and puts SWIB at risk should the portfolio manager leave.

The Governor's recommendation provides assistant portfolio managers for these three areas to provide critically needed support.

3. Continue to Improve Essential Information Systems—(LFB Summary Item #6).

Two years ago, the Governor and Legislature approved funding to begin a substantial upgrade of the systems we use for trade execution, portfolio management, accounting and risk monitoring. The project is proceeding well and several critical applications are now in use. We are on track to complete the next phase of the project in the 1999-01 biennium.

The Governor's recommendation will enable us to implement the second phase of critical IT applications and ensure that there is user support for the new systems once they are in place.

4. Provide Outside Management Flexibility—(LFB Summary Item #5).

SWIB is nearing the statutory limit that restricts our use of outside advisors to 15% of Retirement Fund assets. It is typically cheaper for SWIB to manage most assets with our own staff. We use outside advisors to manage investments that involve skills, locations or intensity of staff attention that make internal management impractical or less cost effective. Because portfolio managers have different styles, a dual approach using both internal and external managers can be beneficial in areas such as international markets.

The Governor's recommendation to increase the limit to 25% will provide flexibility to choose investment strategies that generate the best net rate of return as markets change. A 25% limit would still place SWIB below the average level of active outside management used by other large public funds (35%). We expect to continue to manage most assets internally because it is clearly more cost effective to do so.

The Need for Resource Flexibility:

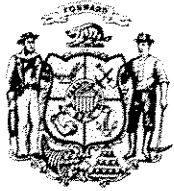
Ten years ago, the Investment Board was at a crossroads. Our compensation package was not competitive and we were losing staff to the private sector. Our resources were under stress and the future of our investment program was at risk.

The Governor and Legislature recognized then that our highly competitive business required resources and management flexibility that went beyond the traditional approaches of the state budget. Compensation incentives and management tools were improved to put SWIB in the forefront of state investment agencies.

The Governor's budget helps us move in the right direction. However, we are approaching another crossroads. As we plan for the next two years and beyond, we lack the flexibility to readily choose the best mix of internal and external resources needed to earn competitive returns in changing markets. That flexibility is crucial because our Trustees bear full fiduciary responsibility for the management of pension fund assets.

As was the case a decade ago, our ability to make and implement the best business decisions for fund participants will again require innovation in our relationship with the State. Our goal is to work with the Governor and the Legislature on a better way to provide accountability and flexibility in future budgets so that SWIB can compete successfully and continue to earn solid returns for fund participants.

March 24, 1999



STATE OF WISCONSIN
BOARD ON AGING AND LONG TERM CARE
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(608) 266-8944
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C. Charles Arndt
Linda Howard
Jennifer Clements
Eugene Lehrmann
Ruth Ann Strozinsky
Margaret Tollaksen
Louise Abrahams Yaffe

George Potaracke
Executive Director

**Testimony of Eugene Lehrmann
Before the Joint Committee on Finance**

March 24, 1999

Senator Burke, Representative Gard, members of the Committee, good morning. I am Eugene Lehrmann, Chairman of the Board on Aging and Long Term Care. With me today is George Potaracke, the Executive Director of the Board.

The Board on Aging and Long Term Care was created by the Legislature under section 16.009 of the Wisconsin Statutes. The agency's purpose is to provide advocacy, information and counseling services to Wisconsin's elderly and disabled citizens and their families. We accomplish this mission by using two separate programs, the Long Term Care Ombudsman Program and the Medigap Helpline. The Ombudsman Program provides direct advocacy and assistance to residents of long term care facilities and clients of the Community Options Program. The Medigap Helpline provides insurance counseling and referrals to older persons inquiring about Medicare supplemental insurance, Medicare +Choice plans, classic Medicare, and numerous other insurance issues.

First of all, I want to thank you for the consideration and support you have shown to this agency in past budget deliberations. The current budget proposal presents new opportunities as well as deficiencies. Including the Board on Aging and Long Term Care as

an integral part of the Family Care Advocacy system is an exciting new responsibility and we accept that challenge. Also, adding a permanent staff position for the Medigap Helpline will allow us to serve the citizens of the State more fully and more effectively. We are, however, very concerned at the lack of additional Ombudsman positions that were requested.

Ombudsmen face an ever-growing need to resolve complex issues in nursing homes, CBRFs and COP clients' homes. Although Ombudsman staff has increased, the agency has not expanded in proportion to the increase in the demand for services. The National Institute of Medicine recommends that there be a minimum of one Ombudsman for every 2,000 long term care beds. The Wisconsin Legislative Audit Bureau last year calculated that there are approximately 92,000 potential clients of the Ombudsman Program. Using this estimate of potential clients, the Ombudsman to client ratio will be 1 : 6,600 when the Ombudsmen now being hired under authority of the last biennial budget are trained and working. With the additional eight positions originally requested in the new budget, the ration would have dropped to 1 : 4,200. While this would still be twice the federal recommendation, we believe the requested Ombudsman positions would dramatically improve our capabilities to serve our most frail citizens.

Current staff are required by time constraints to focus their efforts on nursing home issues. Federal changes to the nursing home regulatory process caused a large expansion of the Ombudsman role. Ombudsmen are now expected to participate in surveys and joint complaint investigations with regulators. However, Ombudsmen have had to limit their activity in this area due to the press of complaint work. During FY 1996 and FY 1997, Ombudsmen counseled residents and families affected by the possibility of bed closings in some 20 facilities. These activities are remarkably labor-intensive and further reduce the

Ombudsman's time available. Provision of Ombudsman services to CBRF residents and COP clients remains limited and few routine visits to CBRFs are possible.

Although productivity has increased as Ombudsmen have been added to the program and technology is used to the extent possible, families and residents continue to report difficulty in getting quick action on complaints unless the care and treatment situation is life-threatening or potentially severely harmful to the resident. While Ombudsmen respond quickly to all requests and concerns they receive, action on many concerns is deferred while the most "critical" care issues are addressed.

We recognize that the Governor has directed that this budget be constructed with an emphasis on restricted growth of program expenditures. However, increased use of Ombudsman services will further strain currently available resources. In good conscience and after long discussion, the Board on Aging and Long Term Care concludes that the only reasonable means of serving the citizens of this state and meeting the Legislature's mandate is to provide an adequate number of qualified staff. With this in mind, the Board on Aging and Long Term Care requests funds to hire four additional ombudsmen during FY 1999. The agency requests an additional four Ombudsman for FY 2000.

Thank you for your attention. George and I will be pleased to answer any specific questions you may have about the agency, its operations and budgetary needs.

Thomas L. Fletemeyer
Executive Director
Wisconsin Educational Communications Board

Testimony
Joint Committee on Finance
March 24, 1999

The Educational Communications Board has discussed the provisions in the Governor's Biennial Budget affecting the Board. Items of major significance are: (1) governance; and (2) funding for the transition to digital television.

In regard to Governance, the Board's position can be best characterized as open to change but concerned about several of the provisions in the Governor's recommendations. Specific concerns were that:

- Both the transition board and the core Board of Directors should include representation from the K-12 community, technical colleges, independent colleges, and supporting friends organizations;
- Several provisions could be challenged by the Federal Communications Commission whose approval is necessary if broadcasting licenses are to be transferred;
- The bylaws of the nonprofit corporation appear to be subject to approval only by the transition board;
- There should be safeguards for employee fringe benefits, especially accrued benefits such as sick leave conversion and continued retirement credits.

Legal Counsel has advised that the FCC may challenge the make-up of the corporate board as not being representative of the educational, cultural and civic segments of the communities served by the public television stations. A second area of potential challenge relates to public broadcasting assets. The FCC requires that broadcast licenses exercise clear control over licensee functions such as program origination and transmission. Given that all assets of public broadcasting, except the broadcast licenses themselves, would not be transferred to the nonprofit

corporation, the FCC may give special scrutiny to the arrangements under which the corporation would have access to the assets of public broadcasting.

The second major area of concern relates to funding for the transition to Digital Television. All public television stations are under a federal mandate to transition to digital technology by 2003. If we do not, we will lose our broadcasting licenses. Wisconsin Public Television is an integral part of the state's educational system providing instructional resources used by 37,000 public school teachers in their classrooms. Thousands of technical college and university students take credit courses over the air. About 60,000 Wisconsin citizens contribute financially to Wisconsin Public Television.

Digital Television will make a new and powerful telecommunications delivery system available to the state if funding is provided to enable us to make the transition. The Educational Communications Board, the University of Wisconsin System, and Milwaukee Area Technical College together requested \$18.7 million (\$17.3 million general fund supported borrowing and \$1.4 million FED) to fund phase one of the digital transition. This amount was based on a national consultants' study and design intended to enable ECB, the UW and MATC to meet the federal deadline. The Building Commission last week recommended that \$9.3 million (\$2.7 million general fund supported borrowing, \$5.3 million gifts and grants, and \$1.4 million FED). The only amount that is actually available is the \$2.7 million. The FED amount is contingent upon success in a competitive grant application process. It is unlikely that the gift and grant amount will be available. If we are to have a chance of making the deadline, additional funding will have to be provided, otherwise the future existence of Public Television in Wisconsin is at risk.

**Dr. John Birkholz
Executive Committee Chair
Wisconsin Educational Communications Board**

**Testimony
Joint Committee on Finance
March 24, 1999**

I am John Birkholz, Chair of the Executive Committee of the Wisconsin Educational Communications Board. I am here with Mr. Tom Fletemeyer, the Executive Director of the ECB.

The Board met on February 19th and discussed the provisions of the Governor's 1999-2001 Biennial Budget Bill affecting the ECB. Clearly, the governance provisions of the bill and the issue of funding the transition to digital broadcasting raise fundamental questions regarding the nature and very existence of Public Broadcasting in Wisconsin.

The Board is well-informed on governance issues. Seven of its members were on the 10-member Commission on Public Broadcasting which endorsed the concept of restructuring public broadcasting if a number of important principles were adhered to. Chief among those were that: editorial integrity be maintained; access for educational purposes be maintained; employee rights and benefits be protected; state funding be continued; the governing board be broadly representative, particularly of the support base for public broadcasting; management be provided the flexibility to manage efficiently and effectively. Within these, and other parameters, the Board recognizes that public broadcasting operates successfully under a number of governance arrangements around the country.

The Board has reservations about several specific provisions in the budget bill. Specifically: the make-up of the transition board and the initial board of directors, potential FCC issues, and the status of employees. Mr. Fletemeyer, our Executive Director will talk about these in more detail.

The Board first addressed the issue of funding for the transition to digital broadcasting in its 1997-99 Capital request. At that time, the calendar for the transition was still somewhat

Joint Committee on Finance

March 24

Page 2

uncertain. That is no longer true. We now have firm date by which we must either be broadcasting a digital signal or lose our broadcasting licenses. I am acutely aware of this reality in my role as President of the Milwaukee Area Technical College which is faced, like ECB and the UW, with making this expensive transition. The Educational Communications Board and the Milwaukee Area Technical College are committed to making the deadline to ensure that public broadcasting continues in Wisconsin. We are working together to do this in the most cost-effective way. We need your help in this. Digital Television is an important new telecommunications system for the state. It will be a major delivery system for K-12, technical, and university education and training.

The last generation had the foresight to reserve broadcast channels for educational and public use. We have benefited from this and now it is time to make that investment again for the future.

WCHA BUDGET RESOLUTION WISDOT 2000 - 2001 BUDGET PROPOSAL

WHERE AS: THE WISCONSIN COUNTY HIGHWAY ASSOCIATION (WCHA) HAS RECEIVED THE CURRENT WISDOT BUDGET BEING CONSIDERED BY JOINT FINANCE

AND WHERE AS: THE WCHA HAS WORKED DILEGENTLY WITH WISDOT IN THE PAST TO IDENTIFY TRANSPORTATION NEEDS ACROSS WISCONSIN BOTH ON THE STATE SYSTEM AND LOCAL HIGHWAY SYSTEM

AND WHERE AS: THE WISCONSIN LEGISLATURE PROACTIVELY PROVIDED INCREASES IN TRANSPORTATION REVENUE DURING THE LAST BI-ANNUAL BUDGET IN RESPONSE TO THE NEEDS IDENTIFIED

AND WHERE AS: THE WCHA CONTINUED TO WORK DILEGENTLY WITH WISDOT TO ENSURE WISCONSIN RECEIVE INCREASED FEDERAL FUNDS AND WISCONSIN RECEIVED AND CONTINUES TO RECEIVE SIGNIFICATELY MORE IN FEDERAL FUNDS UNDER TEA-21 THAN RECEIVED UNDER THE ISTEA PROVISIONS

AND WHERE AS: THE CURRENT WISDOT BUDGET PROPOSAL BEING CONSIDERED CONTINUES AN ALARMING TREND OF REDUCED COMMITMENT IN LOCAL HIGHWAYS RESULTING IN A 3.00% DECLINE IN LOCAL HIGHWAY PROGRAMS AS DIRECTLY RELATED TO STH ROAD PROGRAMS FROM 1997 - 2001

AND WHERE AS: THIS DECLINE RESULTS IN A REDUCED COMMITMENT BY WISDOT IN LOCAL HIGHWAYS OF 36.6 MILLION DOLLARS IN 2001 ALONE

NOW THEREFORE BE IT RESOLVED: THE WISCONSIN COUNTY HIGHWAY ASSOCIATION SUPPORTS INCREASED FUNDING OF 36.6 MILLION DOLLARS IN FY2000 AND 36.6 MILLION DOLLARS IN FY2001 FOR LOCAL HIGHWAYS, WITH THE INCREASED FUNDS TO BE ADDED TO GENERAL TRANSPORTATION AIDS (GTA), LOCAL ROAD IMPROVEMENT PROGRAM (LRIP), & COUNTY HIGHWAY IMPROVEMENT PROGRAM - DISCRETIONARY (CHIP-D)

AND BE IT FURTHER RESOLVED: THAT THIS INCREASE IN FUNDING FOR LOCAL HIGHWAYS BE FUNDED WITH THE TRANSPORTATION FUNDS CURRENTLY INCLUDED IN THE PROPOSED WISDOT BUDGET THUS RESTABLISHING A LEVEL OF COMMITMENT EQUAL TO 1997 LEVELS AND ENSURING THAT LOCAL HIGHWAYS SHARE FULLY & EQUALLY IN ALL TRANSPORTATION FUND INCREASES

MARCH 31, 1999

1999 - 2001 WISDOT BUDGET REVIEW OF MAJOR ROAD PROGRAMS

3/20/99
PROGRAM

1997

1998

1999

2000

PAGE 1

2001

PROGRAM	1997	1998	1999	2000	2001
MAJORS	\$ 162,179,000	\$ 189,587,200 PLUS TEA-21 \$\$	\$ 192,579,100 \$ 14,926,300 \$ 207,505,400	\$ 213,804,400	\$ 220,013,900
REHAB	\$ 403,890,700	\$ 452,620,100 PLUS TEA-21 \$\$	\$ 462,097,500 \$ 73,328,800 \$ 535,426,300	\$ 542,921,400	\$ 550,142,200
SUBTOTAL 8TH	\$ 566,069,700	\$ 642,207,300	\$ 742,931,700	\$ 768,526,800	\$ 770,166,100
GTA	\$ 288,634,000	\$ 308,891,500	\$ 328,483,400	\$ 331,187,500	\$ 335,891,500
LOCAL BRIDGE	\$ 39,932,700	\$ 64,070,100 PLUS TEA-21 \$\$	\$ 41,030,100 \$ 2,517,300 \$ 43,547,400	\$ 43,540,900	\$ 43,540,900
LOCAL ROADS	\$ 89,697,400	\$ 104,622,400 PLUS TEA-21 \$\$	\$ 104,622,400 \$ 21,341,700 \$ 125,964,100	\$ 128,214,100	\$ 128,214,100
SUBTOTAL LOC.	\$ 418,264,100	\$ 478,384,000	\$ 495,994,900	\$ 600,942,800	\$ 605,646,600
TOTAL ROADS	\$ 984,193,800	\$ 1,120,591,300	\$ 1,238,926,800	\$ 1,257,468,300	\$ 1,275,802,600
TOTAL BUDGET	\$ 1,587,090,700	\$ 1,739,913,700 PLUS TEA-21 \$\$	\$ 1,775,808,000 \$ 138,316,200 \$ 1,914,126,200	\$ 1,904,914,100	\$ 2,019,408,800
% 8TH OF TOTAL	<u>36.11%</u>	36.91%	41.84%	38.50%	<u>38.14%</u>
% 8TH OF ROADS	67.60%	57.31%	59.97%	60.16%	60.37%
% LOCAL OF TOTAL	<u>26.69%</u>	27.49%	27.93%	25.49%	<u>26.04%</u>
% LOCAL OF ROADS	42.60%	42.69%	40.03%	39.84%	39.63%

1999 - 2001 WISDOT BUDGET REVIEW OF MAJOR ROAD PROGRAMS

PAGE 2

3/20/99
 % OF ROAD PROGRAMS* VS TOTAL BUDGET IN 1997 62.80%
 % OF ROAD PROGRAMS* VS TOTAL BUDGET IN 2001 63.19%

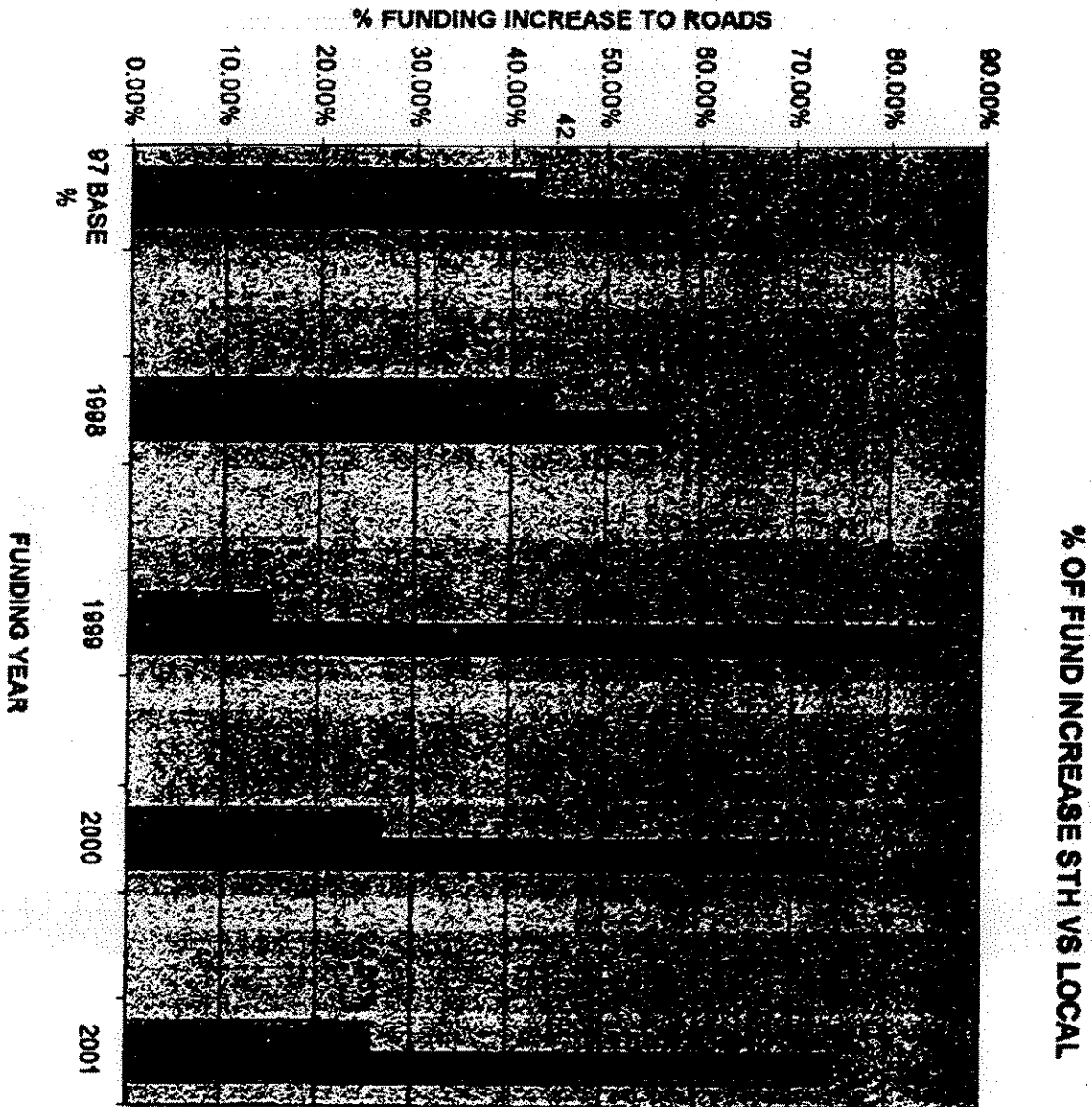
0.39% OR \$ 7,612,728

DOLLAR IMPACT OF WISDOT COMMITMENT TO LOCAL PROGRAMS AS % OF TOTAL BUDGET
 1997 26.69% VS 25.04% IN 2001 OR A REDUCED COMMITMENT OF
 1.65% OR \$ 33,320,247

DOLLAR IMPACT OF WISDOT COMMITMENT TO S.T.H. PROGRAMS AS % OF TOTAL BUDGET
 1997 36.11% VS 38.14% IN 2001 OR A INCREASED COMMITMENT OF
 2.03% OR \$ 40,984,001

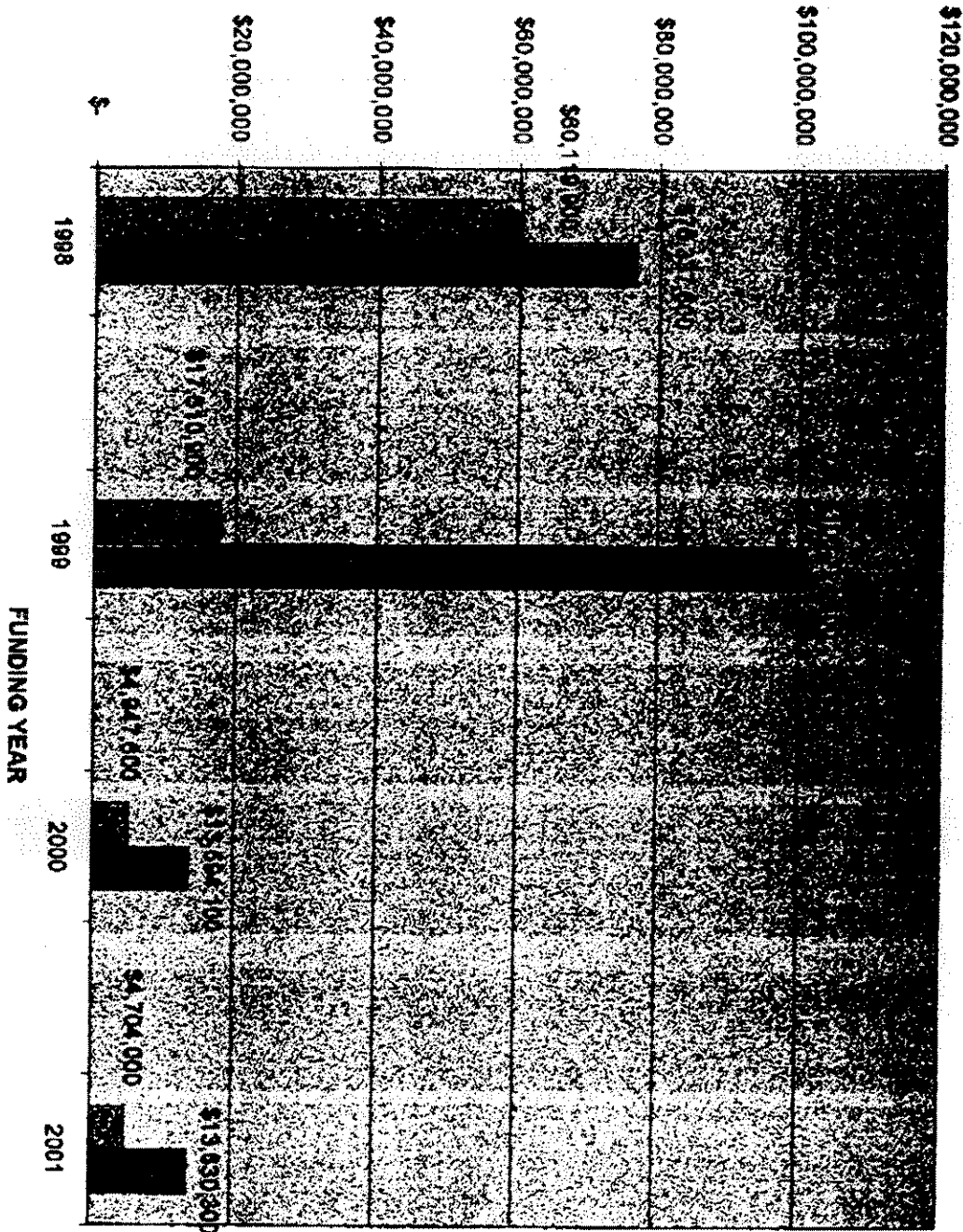
DOLLAR IMPACT OF WISDOT COMMITMENT TO LOCAL PROGRAMS AS % OF ROAD PROGRAMS
 1997 42.50% VS 39.63% IN 2001 OR A REDUCED COMMITMENT OF
 2.87% OR \$ 36,676,984

DOLLAR IMPACT OF WISDOT COMMITMENT TO S.T.H. PROGRAMS AS % OF ROAD PROGRAMS
 1997 57.50% VS 60.37% IN 2001 OR A INCREASED COMMITMENT OF
 2.87% OR \$ 36,676,984



■ LOCAL % OF ROAD FUND INCREASE
 ■ STH % OF ROAD FUND INCREASE

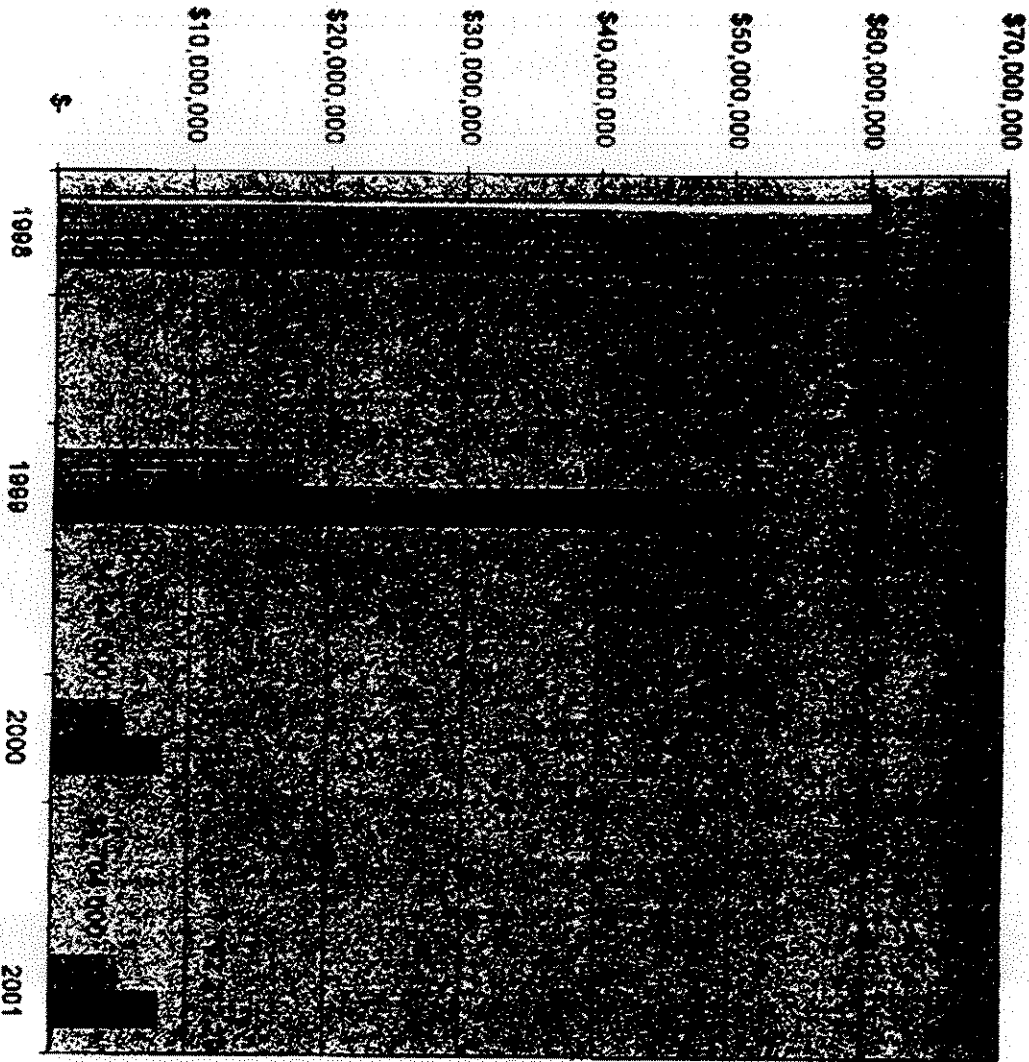
TOTAL FUNDS TO ROADS



FUND INCREASES STH VS LOCAL

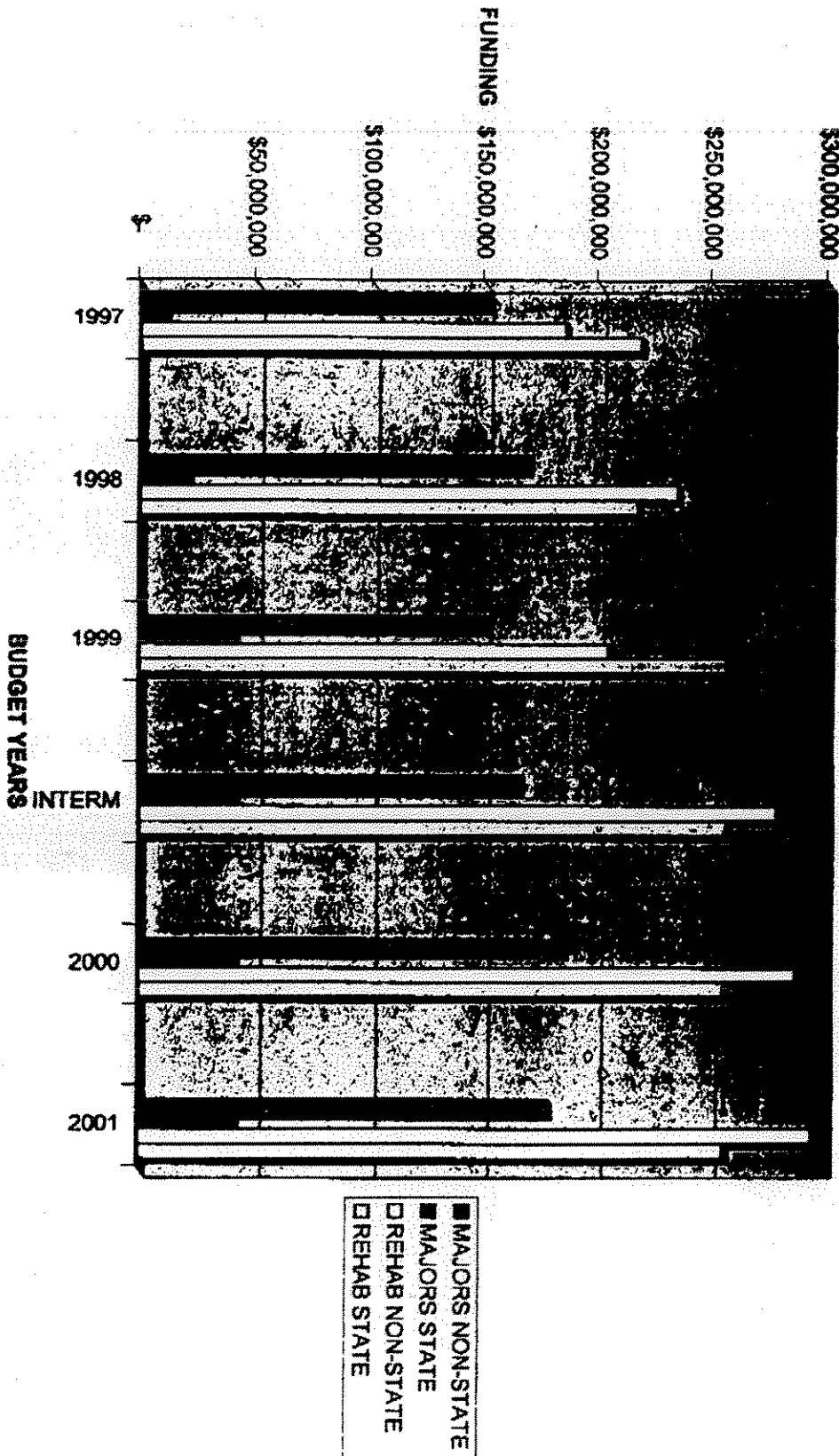
INCREASE IN LOC
 INCREASE IN STH

ACTUAL & PROPOSED VS MAINTAINED COMMITMENT



- ACTUAL AND WISDOT PROPOSED FUND INCREASES
- PROJECTED FUND INCREASE MAINTAINED COMMITMENT

WISDOT 5TH BUDGET COMPARISON



STATE OF WISCONSIN
BOARD OF **Commissioners**
OF **Public Lands**
1848

Public Lands (608) 266-1370 Loans (608) 266-0034 Fax (608) 267-2787

Douglas La Follette
Secretary of State

Jack C. Voight
State Treasurer

James E. Doyle
Attorney General

Stephanie W. Thorn
Secretary

March 10, 1999

Senator Brian Burke, Co-Chairperson
Joint Committee on Finance
PO Box 7882
Madison, WI 53707-7882

Representative John Gard, Co-Chairperson
Joint Committee on Finance
PO Box 8952
Madison, WI 53708-8952

Dear Senator Burke and Representative Gard:

The Board of Commissioners of Public Lands is in the process of replacing its Trust Fund Loan Program application and accounting system with a Year 2000 compliant system. Year 2000 preparedness has been declared state government's highest priority by the Governor. The IT plan submitted with the agency's 1999-2001 budget request also identified several other major project areas, which were approved in the Governor's Budget. To meet with state and industry business standards for IT applications, the agency has invested in complex database, GIS and imaging technologies, which require ongoing support above and beyond that which a maintenance contract can provide.

The one key item in the Governor's budget that is of great concern to the Board is the recommendation to use consulting services to continue system support and administration. The agency requested an IS professional to support and maintain its IT systems. We requested \$43,900 in the first year of the biennium and \$50,400 in the second year for a permanent position but the Governor's budget included only \$47,000 annually for consulting services.

We request that this funding be approved but be applied to a project IS position for the agency. We do not feel that the IT projects can be completed and maintained without an IS professional on staff. Consulting services are considerably more costly, and the continuity of development effort and system administration cannot be as easily maintained with part-time consultants. The new position would not overlap the agency vendor services agreements or its partnership with Info Tech's Small Agency Support Initiative (SASI).



Mailing Address: Post Office Box 8943 • Madison, Wisconsin 53708-8943
Location: GEF III, Room 200 • 125 South Webster Street • Madison, WI




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March 10, 1999

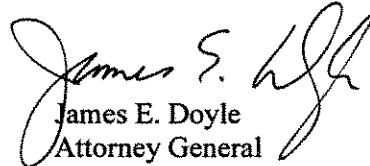
The position would provide very critical services to internal staff in the areas of applications, database/technical support and network support. It will also provide necessary service to staff and customers in the area of desktop support and LAN management through a better-managed partnership with SASI.


In short, internal IS staff would better enable the agency to manage the complexity and scope of IT support on an ongoing basis, and be much less costly.

With this in mind, we ask your support in converting the amount recommended for consulting services to the creation of an IS position for the agency.

Sincerely,


Douglas La Follette
Secretary of State


James E. Doyle
Attorney General


Jack C. Voight
State Treasurer

cc: Members of Joint Committee on Finance

DOUGLAS LA FOLLETTE



SECRETARY OF STATE
WISCONSIN

MESSAGE TO THE JOINT FINANCE COMMITTEE

As Presented By

DOUGLAS LA FOLLETTE, WISCONSIN SECRETARY OF STATE

Honorable Members of the Committee:

Being generally gratified by the Governor's budget proposal as it pertains to the Office of Secretary of State I encourage the Committee to endorse the Governor's proposal, with one exception:

To preserve approximately 725,000 original documents filed with the Office of Secretary of State (some dating back to mid-1800s), the Office carefully researched and proposed a preservation project in the 2000-2001 budget.

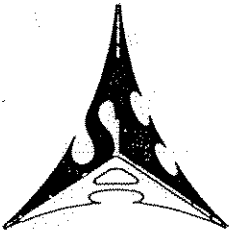
The Office's budget contained a request for a project position under the decision item regarding Records Preservation. This position was proposed to enable the Office to do as much as possible "in house" on this preservation project, especially in the preparation of the documents prior to sending them off for filming. (This position would be responsible for removing all staples and grommets, shearing bindings, and flattening documents.)

The current funding allotted for the preservation project does not include the cost of document preparation by the company. In that the Governor did not endorse the project position designated for document preparation, I must ask for additional funding to pay the production company to do the document preparation work.

To pay the production company for 18 months of work, at their cost of \$25 per hour, comes to \$75,000. Therefore, the Office respectfully asks that the Committee add an additional \$37,500 per year over the biennium to the records preservation project to cover the cost of document preparation.

Thank you for your consideration of this request.

* * *



STATE ENGINEERING ASSOCIATION

4510 REGENT STREET

MADISON, WISCONSIN 53705

(608) 233-4696

April 6, 1999

TO: Co-chairs Senator Brian Burke &
Representative John Gard
Joint Finance Committee

RE: Dept. of Employee Trust Funds Budget

The State Engineering Association wants to communicate our support for the following areas of the Dept. of Employee Trust Funds Budget to your committee:

. We support the ETF New Call Center. However to maintain the future continuity of call service, the one permanent position cut by the Governor should be reinstated, unless it is the intent of the Legislature to provide poor service to annuitants and employees who now total 349,375 individuals.

. We also support the 1.0 permanent position and 1.0 project positions to support the increased work load for duty disability in both budget years.

. We disagree with the funding cuts by the Governor in the area of replacement and training of any new Trust Fund counsellor. Without proper training, the existing wealth of knowledge will be lost and the level of service will diminish. We feel some provision should be replaced in the ETF Budget because it is program revenue, not GPR funds.

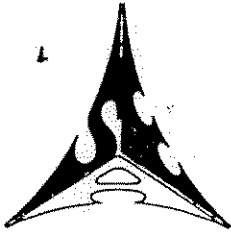
We appreciate this opportunity to communicate our concerns about the Wisconsin Retirement System to your committee and want to thank you for your consideration.

Sincerely,

Linda Richardson

Linda Richardson, President
Wisconsin Rapids Section
STATE ENGINEERING ASSOCIATION

cc: Eric Stanchfield, Secretary
Dept. of Employee Trust Funds



STATE ENGINEERING ASSOCIATION

4510 REGENT STREET

MADISON, WISCONSIN 53705

(608) 233-4696

April 6, 1999

TO: Co-chairs Senator Brian Burke &
Representative John Gard
Joint Finance Committee

RE: State of Wisconsin Investment Board Budget

The State Engineering Association wants to support the following areas of the Investment Board budget:

1. Recruit and retain experienced staff (LFB Summary Item #2)
We support the bonus increase recommended by the Governor.

We also support the proposed salary adjustment being proposed by DER to fund base salary increases for closing the gap between SWIB salaries and the private investors.

2. Critical staffing needs (LFB Summary Item #4)
The Governor's budget recommendation provides three new positions for Assistant Portfolio Managers.
3. We continue to support the IT project and the second phase to provide user support & training (LFB Summary Item #6).
4. Outside Management.
We agree with flexibility; however, we don't agree with increasing the outside management to 25% of the total retirement fund.

We totally support the more economical internal management of retirement funds and outside management only used when there is an emergency.

Co-chairs Senator Brian Burke &
Representative John Gard
Joint Finance Committee
Page 2
April 6, 1999

We trust that your committee would make the necessary changes to the SWIB budget to provide them more flexibility for outside management only when they have a critical shortage of qualified internal staff.

We want to thank your committee for this opportunity to communicate our concerns about our retirement system and appreciate your consideration.

Sincerely,



Linda Richardson, President
Wisconsin Rapids Section
STATE ENGINEERING ASSOCIATION

cc: Pat Lipton, Executive Director, SWIB