

**Committee Name:**  
**Joint Committee – Finance**  
**(JC–Fi)**

**Appointments**

99hr\_JC–Fi\_Appt\_pt00

**Committee Hearings**

99hr\_JC–Fi\_CH\_pt00

**Committee Reports**

99hr\_JC–Fi\_CR\_pt00

**Clearinghouse Rules**

99hr\_JC–Fi\_CRule\_99–

**Executive Sessions**

99hr\_JC–Fi\_ES\_pt00

**Hearing Records**

99hr\_ab0000

99hr\_sb0000

**Misc.**

99hr\_JC–Fi\_\_Misc\_\_s.13.10\_pt06c1

**Record of Committee Proceedings**

99hr\_JC–Fi\_RCP\_pt00

S. 13 .10 Meeting  
April 21, 1999

**Smead.**

No. C1526E

HASTINGS, MN

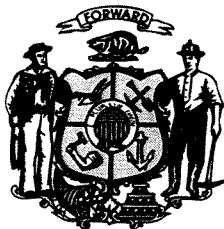


I. Department of Employee Trust Funds – David Stella, Administrator of the Division of Retirement Services and Joanne Cullen, Budget Director

The department requests a supplement of \$505,300 SEG in FY99 from the Committee's appropriation (s. 20.865(4)(u)) to the general administration appropriation (s. 20.515(1)(w)) for costs associated with the implementation of the remedy ordered by the Wisconsin Supreme Court in the Special Investment Performance Dividend (SIPD) lawsuit. The department also requests a supplement of \$541,700 SEG in FY00 from the Committee's appropriation (s. 20.865(4)(u)) to the general administration appropriation (s. 20.515(1)(w)) for costs associated with completion of this project.

Governor's Recommendation

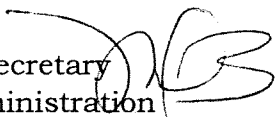
Approve the Department's request for a supplement of \$505,300 SEG in FY99.



TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

*Date:* April 16, 1999

*To:* Members, Joint Committee on Finance

*From:* Mark D. Bugher, Secretary  
Department of Administration 

*Subject:* Section 13.10 Request from the Department of Employee Trust Funds to implement remedy ordered in the Special Investment Performance Dividend (SIPD) lawsuit.

### **Request**

The Department requests a supplement of \$505,300 SEG in FY99 from the Committee's appropriation (s. 20.865(4)(u)) to the general administration appropriation (s. 20.515(1)(w)) for costs associated with the implementation of the remedy ordered by the Wisconsin Supreme Court in the Special Investment Performance Dividend (SIPD) lawsuit. The Department also requests a supplement of \$541,700 SEG in FY00 from the Committee's appropriation (s. 20.865(4)(u)) to the general administration appropriation (s. 20.515(1)(w)) for costs associated with completion of this project.

### **Background**

On January 17, 1997, the Wisconsin Supreme Court issued its decision in the SIPD lawsuit (Wisconsin Retired Teachers Association, Inc. v. Employee Trust Funds Board, 207 Wis 2d 1, 558 N.W.2d 83 (1997)). On September 3, 1997, the Dane County Circuit Court approved the terms of a final settlement agreement. This court order required: (1) repayment of \$215 million (which includes attorneys' fees) to the Fixed Trust's annuity reserve by November 1, 1997; (2) termination of the SIPD payments in annuity checks issued after November; and (3) an equitable distribution by the Employee Trust Funds (ETF) Board of the amount returned to the annuity reserve. The Department, on behalf of the Board, was expected to take all steps necessary to implement the final court order.

To ensure that the Board and Department complied with the terms of the settlement and court order, immediate action was required. On October 1, 1997, ETF Secretary Eric Stanchfield wrote to the Committee informing them of his intent to authorize the Department to incur costs related to SIPD implementation that could not be absorbed within its existing appropriation. He presented to the membership an overview of project-related expenses, noting that a remedy and detailed outline of need would

accompany the Department's formal request for emergency supplement under s. 13.10 later in the fiscal year.

On April 23, 1998, the Department presented to the Committee its plan for remedying the court order. That plan was comprised of three phases: (1) initial communication and payments to current annuitants; (2) estates and beneficiary's claims; and (3) final payments and project wrap-up. The Department requested and was subsequently granted \$359,800 SEG in FY98 to appropriation s. 20.515 (1)(w) at the June 4, 1998, Regular Quarterly Meeting under s. 13.10.

The Department distributed these funds in the following manner. First, \$149,500 SEG was directed toward costs incurred during the implementation of Phase 1. Phase 1 began on October 1, 1997, and concluded on December 31, 1997. Second, \$210,300 SEG was directed toward Phase 2, which began on January 1, 1998, and will continue through November 30, 1999. No formal funding request for Phase 3, scheduled to begin on December 1, 1999, and conclude on March 31, 2000, was submitted. Secretary Stanchfield acknowledged that he would address future funding requirements at a subsequent s. 13.10 meeting.

It should be noted that in December 1998, the ETF Board extended the deadline for filing SIPD estate and beneficiary claims from March 31, 1999, to November 30, 1999. Subsequently, the deadline for final claims payment was extended from June 30, 1999, to March 31, 2000. The Board based its decision upon the number of pending inquiries, the potential claims from future location efforts, and the estimated number of payments that could be issued per week.

At this time the Department requests supplementation from the Committee totaling \$505,300 SEG in FY99 and \$541,700 SEG in FY00 in order to complete Phases 2 and 3 of the equitable distribution.

### **Analysis**

The Department's request for \$505,300 SEG reflects SIPD-related costs incurred through February 1999, and anticipated obligations projected through the end of the current fiscal year. The Department's FY99 supplement request is comprised of the following expenditures:

**Itemization of SIPD-related Costs, FY99**

<u>Expenditure</u>	<u>Requested Amount</u>
Personal Services	
Additional LTE Assistance (Salary)	\$15,400
Fringe Benefits	3,500
Supplies and Services	
Contractual Staff	415,300
Space Rental for Contractual Staff	29,700
Postage	11,400
Telephone Services	10,800
Office and Computer Supplies	8,200
State Records Center Charges (annuitant file retrieval)	6,200
Equipment Rental	3,200
Messenger Services/Fleet Cars	1,600
<b>Total</b>	<b>\$505,300</b>

Most SIPD-related costs in FY99 have been incurred on the Department's supplies and services budget line for contracted services. Beginning in August 1998, the Department increased the contract staff assigned to this project from eight to sixteen. The complexity and backlog of estate claims waiting processing prompted this increase. As of February 1999, over 8,600 claims inquiries were backlogged. At double its original staffing level, ETF estimates that an average of 200 claims per week can be processed. At this rate, the current backlog of cases could be settled by calendar year end.

The Department notes that by fiscal year end, it will have absorbed \$100,000 SEG SIPD-related costs, primarily in the form of supervisory time and direct expenses. The Department estimates that overall it has expended a total of \$200,000 SEG for which no reimbursement has been sought.

The agency's request for supplement in FY99 appears to meet statutory requirements under s. 13.10. Legally the Department is obligated to take all steps necessary to implement the court ordered equitable distribution. While it has absorbed a portion of these costs, it has incurred expenses that cannot be funded through existing appropriations. An examination of the remaining budget authority in the Department's general administrative appropriation indicates that ETF has insufficient base level funds to meet these additional costs. Lastly, the Department's request for supplement is supported by documentation and appears to be reasonable.

At this time, the Department also is requesting \$541,700 SEG in FY00 for the anticipated costs of completing the SIPD-project by March 31, 2000. The Department's supplement request for the remaining nine months of the project is comprised of the following expenditures:

**Itemization of SIPD-related costs, FY00**

<u>Expenditure</u>	<u>Requested Amount</u>
Personal Services	
Additional LTE Assistance (Salary)	\$11,600
Fringe Benefits	2,600
Supplies and Services	
Contractual Staff	331,500
Locator Services	140,000
Space Rental for Contractual Staff	22,800
Telephone Services	8,000
Office and Computer Supplies	7,200
State Records Center Charges (annuitant file retrieval)	7,200
Actuarial Services	5,000
Equipment Rental	2,200
Postage	2,100
Messenger Services/Fleet Cars	1,500
<b>Total</b>	<b>\$541,700</b>

The Department estimates that most of its SIPD-related costs in FY00 will be incurred on its supplies and services budget line for contracted services. Included are costs of \$140,000 for contracting with a locator service. In June 1998, the Department mailed approximately 30,000 letters to the last known addresses of deceased annuitants. It estimates that of this total, 9,800 estates with claims of \$500 or more failed to be reached. Given the volume and monetary value of these outstanding claims and the Board's legal obligation to execute the equitable distribution, it appears that this additional expense is necessary and reasonable.

It remains questionable whether or not the Department can complete Phases 2 and 3 on schedule. Originally, the Board established March 31, 1999, as the Phase 2 deadline, and June 30, 1999, as the Phase 3 deadline. Based upon the actual and potential claims remaining to be processed, the Board subsequently extended these deadlines to November 30, 1999, and March 31, 2000, respectively. While this project extension may permit the payment of currently filed claims, it may not provide the time necessary to locate affected estates and process payments.

The Department would like to locate and process payments for an estimated 50 percent of the remaining 9,800 claims valued at over \$500 by March 2000. At a rate of 200 claims processed per week, it will take at least six months to process all 4,900 claims. Further, the Department may take until calendar year end to process its current backlog of 8,600 cases. Based upon these stated assumptions, the Department may not complete the equitable distribution until June 2000.

Members, Joint Committee on Finance

Page 5

April 16, 1999

In its request, the Department informed the Committee that should location efforts proceed more slowly than expected or a larger number of claims are filed than projected, it may be necessary for the ETF Board to further extend project deadlines. Given that the Board intends to reevaluate the project's status and deadlines later this year, delaying the FY00 supplement until such a time as the Department can provide a more accurate timeline and accounting of expenditures is warranted and consistent with the Committee's authority under s. 13.101(3)(b).

**Recommendation**

Approve the Department's request for a supplement of \$505,300 SEG in FY 99.

Prepared by: Dawn Currier  
266-8777





STATE OF WISCONSIN

**Department of Employee Trust Funds**

**Eric O. Stanchfield**  
*Secretary*  
801 West Badger Road  
P.O. Box 7931  
Madison, WI 53707-7931

March 3, 1999

**Honorable Brian Burke**  
**Honorable John Gard**  
**Co-Chairs, Joint Committee on Finance**  
**State Capitol**  
**Madison WI 53702**

**Subject: S. 13.101 Request for Costs of Implementing the Special Investment Performance Dividend (SIPD) Lawsuit Equitable Distribution**

Dear Senator Burke and Representative Gard:

The Department of Employee Trust Funds (Department) requests a one-time supplement of \$505,300 SEG to its 1998 -1999 general administrative appropriation s.20.515 (1)(w) to fund extraordinary costs associated with the implementation of the Special Investment Performance Dividend (SIPD) lawsuit equitable distribution. The Department also requests a one-time supplement of \$541,700 in 1999-2000 for the currently projected completion of this project.

**BACKGROUND**

The Department continues to administer the equitable distribution that resulted from the August 1997 Supreme Court decision in the Special Investment Performance Dividend lawsuit. As has been documented previously to the Joint Committee on Finance, this project primarily involves the difficult task of locating and paying up to 30,000 estates of deceased Wisconsin Retirement System (WRS) annuitants. As directed by the Court, the payments are being made following the deposit of the \$206.6 million (GPR) settlement by the State of Wisconsin into the WRS trust fund.

Using internal staff resources and contract employees, the Department began paying benefits to annuitants, beneficiaries and heirs in December 1997. To date over 43,000 annuitants and beneficiaries and 4,800 heirs have received payments. In addition, almost 1,000 payments to heirs of deceased annuitants are currently in process. Over \$107 million in lump sum payments have been issued and monthly annuity increases with a present value of \$80 million have also been paid.

Of the approximately 30,000 estates eligible to receive a distribution, over 25,000 remain to be paid, however. This includes over 7,300 claims received and waiting to be processed, and an estimated 5,800 potential claims of over \$1,000 and 4,000 potential claims of over \$500 for which no claim has yet been received. Over \$19 million of SIPD funds remain to be paid out. It is estimated that approximately 13,000 eligible heirs will never be located, or will choose not to file a claim because of the small amount of payment for which they are eligible.

The Employee Trust Funds (ETF) Board originally established March 31, 1999 as the deadline for submission of claims, and June 30, 1999 as the end date for claims payment. Based on the number of actual and potential claims remaining to be processed, the ETF Board subsequently

extended the deadline for filing SIPD claims to November 30, 1999, setting March 31, 2000 as the planned cutoff for claims payment. Later this year, the ETF Board will reevaluate the project status and these deadlines to determine if additional time is needed to make a reasonable effort at locating and paying potential claims.

### **SUMMARY OF PROJECT; BRIEF DESCRIPTION OF COSTS**

Implementation of the equitable distribution has been divided into three phases: (1) initial communication and payments to current annuitants; (2) estate and beneficiary claims; and (3) final payments and wrap-up. The timetable for phases (2) and (3) have been adjusted to reflect the ETF Board's extension of claim deadlines.

#### **(1) Phase I (Oct. 1 - Dec. 31, 1997)**

This phase involved notification of the Board's distribution decision and a description of the impact on annuitants and class members; staffing of special information lines and preparation of correspondence; termination of the previous SIPD payments to 7,300 annuitants; actuarial consultation; institution of new GPR-funded supplements as required under Wis. Act 26, Laws of 1997; and the calculation and payment of 43,000 lump sum payments to current annuitants.

#### **(2) Phase II (January 1, 1998 – November 30, 1999)**

The second phase has included the development of a claim package for beneficiaries and estates of deceased eligible annuitants; publicizing and communication of information about filing claims; administration and payment of claims filed; preparation and distribution of tax documents; and the provision of general information and correspondence related to the claims process. 4,800 claims have been paid to date with an additional 1,000 in process. Over 7,600 claim inquiries await processing and 9,800 potential claims in excess of \$500 have not yet been filed. Locating heirs of annuitants for these remaining claims is part of this phase of the project.

#### **(3) Phase III (December 1, 1999 – March 31, 2000)**

The final phase will include processing the final claim payments; preparation of remaining tax documents; and preparation of final documentation and reports.

The SIPD project has been extremely difficult because of the advanced age of many of the affected individuals, the large number of claimants and the complexity of claims processing. The Department has had to train new claims processing staff and operate a separate claims payment system in order to avoid interfering with normal Department workload. Since many payments are made to the estates of deceased participants, the complexity of claims processing has been greater than had been anticipated.

Beginning in August 1998 the Department increased the contract staff assigned to this project from eight to sixteen. This was in recognition of the large number of claims remaining to be paid due to the unanticipated complexity in claims processing and turnover in contract staff. At the current staffing level it is estimated that an average of 200 claims per week can be paid.

The project extension approved by the Board should permit the payment of currently filed claims. In addition, the extension will provide more time to attempt to locate affected estates and, if such efforts are successful, process payments for an estimated 50% of the remaining 9800 potential claims valued at over \$500.

If, however, location efforts proceed more slowly than expected or a larger number of claims are filed than projected, it may be necessary for the Board to further extend the deadline. Should this occur, the Department will return to the Committee via s. 13.101 during FY 99-00.

#### **HOW THIS REQUEST MEETS STATUTORY CRITERIA**

The Department has absorbed significant expense associated with SIPD litigation since the case began over ten years ago. The Department estimates it will have absorbed about \$200,000 in direct expenses, plus management and supervisory time, by the completion of the SIPD distribution. While the Department will continue to provide management / supervisory oversight to the project from our general administrative appropriation, our base funding is insufficient to meet the unbudgeted expenses involved in the SIPD equitable distribution. I believe the statutory standards under s 13.101(3) of the statutes for granting supplementation have been met.

Thank you for your consideration of this request. I have attached a document that provides a brief description and itemizes the costs associated with the SIPD project. David Stella, Administrator of the Division of Retirement Services, and Joanne Cullen, Budget Director, will be available at your meeting to answer any questions that you may have.

Sincerely,



Eric O. Stanchfield  
Secretary

(608) 266-0301  
FAX: (608) 267-0633  
TTY: (608) 267-0676

Attachment

EOS:jk

## Attachment 1 - Itemization of Costs and Brief Description

Description	Budget - FY 99
<p style="text-align: center;"><b>Limited Term Salaries</b></p> <p>Limited Term employe needed to maintain Department participant, employer and correspondence filing systems for the SIPD project. Duties include filling requests for participant records and/or other information, and completing retrieval request forms for closed SIPD records stored at the State Records Center</p>	\$15,400
Fringe Benefits	\$3,500
<b>Total Personal Services</b>	<b>\$18,900</b>
<p style="text-align: center;"><b>Messenger Service/Fleet Cars</b></p> <p>Mileage to transport folders and supplies to SIPD Downtown Office</p>	\$1,600
<p style="text-align: center;">Telephone Local, Long Distance, Equipment And Voice Mail for SIPD Downtown Office</p>	\$ 10,800
<p style="text-align: center;">Space Rental</p> <p>Office space for SIPD contractual staff.</p>	\$29,700
<p style="text-align: center;">Office Supplies</p> <p>Office and Computer Supplies for SIPD staff</p>	\$8,200
<p style="text-align: center;"><b>Temporary Help Services</b></p> <p>Contract with DI &amp; Associates to provide staffing to implement the SIPD equitable distribution. Duties include answering questions concerning eligibility for SIPD distribution and processing the claim forms to calculate the lump sum payments.</p>	\$415,300
<p style="text-align: center;">Postage</p> <p>SIPD letters, claim packets and correspondence</p>	\$11,400
<p style="text-align: center;">Copier and Fax Rental for SIPD Downtown office</p>	\$3,200
<p style="text-align: center;">State of Wisconsin Records Center Charges</p> <p>Charges to retrieve participant folders</p>	\$6,200
<p style="text-align: center;"><b>Total Supplies &amp; Services</b></p> <p><b>FY - 99 Grand Total Personal Services and Supplies &amp; Services</b></p>	<b>\$486,400</b> <b>\$505,300</b>

## Attachment 1 - Itemization of Costs and Brief Description

Description	Budget – FY 00
<p style="text-align: center;">Limited Term Salaries</p> <p>Limited Term employe needed to maintain Department participant, employer and correspondence filing systems for the SIPD project. Duties include filling requests for participant records and/or other information, and completing retrieval request forms for closed SIPD records stored at the State Records Center.</p>	\$ 11,600
Fringe Benefits	\$2,600
<b>Total Personal Services</b>	<b>\$14,200</b>
<p style="text-align: center;">Messenger Service/Fleet Cars</p> <p>Mileage to transport folders and supplies to SIPD Downtown Office</p>	\$1,500
<p style="text-align: center;">Telephone</p> <p>Local, Long Distance and Voice Mail for SIPD Downtown Office</p>	\$8,000
<p style="text-align: center;">Space Rental</p> <p>Office space for SIPD contractual staff</p>	\$22,800
<p style="text-align: center;">Office Supplies</p> <p>Office and Computer Supplies for SIPD staff</p>	\$7,200
<p style="text-align: center;">Temporary Help Services</p> <p>Contract with DI &amp; Associates to provide staffing to implement the SIPD equitable distribution. Duties include answering questions concerning eligibility for SIPD distribution and processing the claim forms to calculate the lump sum payments.</p>	\$331,500
<p style="text-align: center;">Postage</p> <p>SIPD letters, claim packets and correspondence.</p>	\$2,100
<p>Copier and Fax Rental for SIPD Downtown office</p>	\$2,200
<p style="text-align: center;">State of Wisconsin Records Center Charges</p> <p>Charges to retrieve participant folders</p>	\$7,200
<p style="text-align: center;">Actuarial Services</p> <p>Post-implementation review of undistributed</p>	\$5,000
<p style="text-align: center;">Locator Services</p> <p>Contract for services to locate beneficiaries and/or heirs of deceased annuitants.</p>	\$140,000
<p style="text-align: center;"><b>Total Supplies &amp; Services</b></p> <p><b>FY - 00 Grand Total Personal Services and Supplies &amp; Services</b></p>	<p><b>\$527,500</b></p> <p><b>\$541,700</b></p>

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II. Department of Administration – Nathaniel Robinson, Administrator, Division of Energy and Intergovernmental Relations

In accordance with s. 14.065, the Governor requests approval of the Stripper XIX Oil Overcharge Plan, allocating a total of \$513,308 (\$447,308 of new Stripper funds and \$66,000 of reallocated Exxon monies) to existing program and policy requirements.

Governor's Recommendation

Approve the request. The following table summarizes the request.

Program	1999 Request	1999 Recommendation
A. Y2K Outreach	\$150,000	\$150,000
B. Community Services Energy Efficiency Awards	\$100,000	\$100,000
C. Fresh Start	\$100,000	\$100,000
D. Energy Star Windows Promotion	\$75,000	\$75,000
E. Alternative Motor Fuels - Clean Cities	\$72,000	\$72,000
F. Energy Program Management	\$16,308.63 <i>(plus interest)</i>	\$16,308.63 <i>(plus interest)</i>
G. Program Reallocation of Exxon - Low Income Pilots	\$66,000	\$66,000
Totals:	\$513,308	\$513,308



**Date:** April 16, 1999  
**To:** Members, Joint Committee on Finance  
**From:** Mark D. Bugher  
Secretary  
**Subject:** Section 13.10 Request from the Department of Administration for Approval of the 1999 Oil Overcharge Plan

**Request**

In accordance with s. 14.065, the Governor requests approval of the Stripper XIX Oil Overcharge Plan, allocating a total of \$513,308 (\$447,308 of new Stripper funds and \$66,000 of reallocated Exxon monies) to several programs.

**Analysis**

A. Y2K Outreach -- \$150,000

There is a growing concern among Wisconsin residents concerning Y2K and potential energy implications. To address these concerns, the Governor has formed the Blue Ribbon Commission on Year 2000 Preparedness to study these energy problems. While the Commission's preliminary findings are optimistic that there will not be energy disruptions, there continues a need to convey this information to the public.

This new program will provide credible and timely information to Wisconsin citizens to help them understand the Y2K issue and to prepare adequately for potential energy implications.

B. Community Services Energy Efficiency Awards -- \$100,000

Current public interest includes making child-care and community based residential facilities (CBRF) more energy efficient. This program is a continuation of an awards program that provides grants to those facilities that replace old appliances with new, energy efficient models.

C. Fresh Start -- \$100,000

The existing program would be expanded to provide energy efficient appliances including furnaces and water heaters to homes built through Fresh Start. Currently, at-risk youths participate in Fresh Start by aiding in the construction of

these energy efficient homes. Approximately ten energy efficient homes would be constructed with Stripper XIX monies.

D. Energy Star Windows Promotion -- \$75,000

This new program would allow Wisconsin to increase its current market share of energy efficient windows produced and sold by Wisconsin companies. Wisconsin and Minnesota have newly updated their residential building codes requiring the use of more highly energy efficient windows. Funding for this program would be used to hire consultants familiar with window and energy efficient products industries. These consultants would give assistance to Wisconsin manufacturers by providing technical and labeling support, as well as aid in advertising to ultimately increase public awareness for Wisconsin window manufacturers.

E. Alternative Motor Fuels - Clean Cities -- \$72,000

Wisconsin Clean Cities - South East Area Inc. (WCC-SEA) is an non-profit, public/private partnership serving Southeastern Wisconsin whose primary goal is to expedite and facilitate the purchase of alternatively fueled vehicles as well as the corresponding refueling infrastructure. This new program would cost-share a two-year coordinator position for WCC - SEA.

F. Energy Program Management -- \$16,308.63 plus interest

This program allocates Stripper XIX interest and residual monies to assist the Wisconsin Energy Bureau in continuing its mandated Oil Overcharge activities and to promote energy efficiency in Wisconsin. (Past Stripper IV, XVI, XVII, and XVIII have allocated interest and residual monies for this purpose).

G. Program Reallocations: Exxon - Low Income Pilots -- \$66,000

This plan reallocates the remaining \$66,000 of the original \$1.1 million of deobligated Exxon monies to provide partial funding to the Energy Star Windows Promotion (\$31,000), Community Services Efficiency Awards (\$25,000) and Fresh Start (\$10,000). See program descriptions for details.

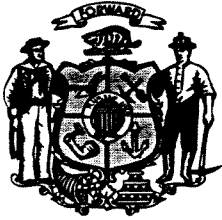
**Recommendation**

Approve the request. The following table summarizes the request.



Program	1999 Request	1999 Recommendation
A. Y2K Outreach	\$150,000	\$150,000
B. Community Services Energy Efficiency Awards	\$100,000	\$100,000
C. Fresh Start	\$100,000	\$100,000
D. Energy Star Windows Promotion	\$75,000	\$75,000
E. Alternative Motor Fuels - Clean Cities	\$72,000	\$72,000
F. Energy Program Management	\$16,308.63 <i>(plus interest)</i>	\$16,308.63 <i>(plus interest)</i>
G. Program Reallocation of Exxon - Low Income Pilots	\$66,000	\$66,000
Totals:	\$513,308	\$513,308

Prepared by: Cynthia Dombrowski  
266-1038



**TOMMY G. THOMPSON**

**Governor  
State of Wisconsin**

March 4, 1999

The Honorable Charles R. Sanders, Assembly Chief Clerk  
Wisconsin State Assembly  
One East Main, Suite 402  
Madison, WI 53703

Dear Mr. Sanders:

RE: Stripper XIX 1999 Oil Overcharge Plan

I am pleased to transmit my Stripper XIX 1999 Oil Overcharge Plan for consideration by the Joint Committee on Finance (JCF) at the next s. 13.10, Wis. Stats., meeting. As required by s. 14.065, Wis. Stats., I am also forwarding a copy to the Chief Clerk of the Senate.

This year's Plan allocates \$513,308 (\$447,308 of new Stripper monies and \$66,000 of reallocated Exxon monies). If accepted and implemented, the recommended program initiatives provides state citizens with credible information regarding the energy implications of Y2K, makes our buildings and homes more energy efficient and reduces our dependence on petroleum based motor fuels.

In addition to the JCF's action, the U.S. Department of Energy must also conduct a review to determine if Wisconsin's Plan conforms with Federal requirements and established definitions of restitution. The Department of Administration staff will be available to provide additional information that may be required. I appreciate your usual support.

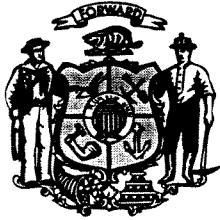
Sincerely,

TOMMY G. THOMPSON  
Governor

Enclosure

cc: Mark D. Bugher, Secretary  
Department of Administration

Nathaniel E. Robinson, Administrator  
Division of Energy and Intergovernmental Relations



**TOMMY G. THOMPSON**

**Governor  
State of Wisconsin**

March 4, 1999

The Honorable Donald J. Schneider, Senate Chief Clerk  
Wisconsin State Senate  
One East Main, Suite 402  
Madison, WI 53703

Dear Mr. Schneider:

RE: Stripper XIX 1999 Oil Overcharge Plan

I am pleased to transmit my Stripper XIX 1999 Oil Overcharge Plan for consideration by the Joint Committee on Finance (JCF) at the next s. 13.10, Wis. Stats., meeting. As required by s. 14.065, Wis. Stats., I am also forwarding a copy to the Chief Clerk of the Assembly.

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Sincerely,

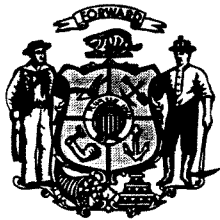
A handwritten signature in cursive script that reads "Tommy".

TOMMY G. THOMPSON  
Governor

Enclosure

cc: Mark D. Bugher, Secretary  
Department of Administration

Nathaniel E. Robinson, Administrator  
Division of Energy and Intergovernmental Relations



**TOMMY G. THOMPSON**

**Governor  
State of Wisconsin**

March 4, 1999

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

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

Dear Senator Burke and Representative Gard:

RE: Stripper XIX 1999 Oil Overcharge Plan

I am pleased to transmit my Stripper XIX 1999 Oil Overcharge Plan for consideration by the Joint Committee on Finance (JCF) at the next s. 13.10, Wis. Stats., meeting. As required by s. 14.065, Wis. Stats., I am also forwarding a copy to the Chief Clerks of the Senate and the Assembly.

This year's Plan allocates \$513,308 (\$447,308 of new Stripper monies and \$66,000 of reallocated Exxon monies). If accepted and implemented, the recommended program initiatives provides state citizens with credible information regarding the energy implications of Y2K, makes our buildings and homes more energy efficient and reduces our dependence on petroleum based motor fuels.

In addition to the JCF's action, the U.S. Department of Energy must also conduct a review to determine if Wisconsin's Plan conforms with Federal requirements and established definitions of restitution. The Department of Administration staff will be available to provide additional information that may be required. I appreciate your usual support.

Sincerely,

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

TOMMY G. THOMPSON  
Governor

Enclosure

cc: Mark D. Bugher, Secretary  
Department of Administration

Nathaniel E. Robinson, Administrator  
Division of Energy and Intergovernmental Relations



**TOMMY G. THOMPSON**

**Governor  
State of Wisconsin**

March 4, 1999

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

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

Dear ~~Senators~~ <sup>Brian</sup> Burke and Representative Gard:

RE: Stripper XIX 1999 Oil Overcharge Plan

I am pleased to transmit my Stripper XIX 1999 Oil Overcharge Plan for consideration by the Joint Committee on Finance (JCF) at the next s. 13.10, Wis. Stats., meeting. As required by s. 14.065, Wis. Stats., I am also forwarding a copy to the Chief Clerks of the Senate and the Assembly.

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Governor

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cc: Mark D. Bugher, Secretary  
Department of Administration

Nathaniel E. Robinson, Administrator  
Division of Energy and Intergovernmental Relations

**GOVERNOR'S 1999 OIL OVERCHARGE PLAN**

Stripper XIX Funds: \$513,308.63 Available

Prepared by the Department of Administration  
Division of Energy and Intergovernmental Relations

March 4, 1999

## GOVERNOR'S 1999 OIL OVERCHARGE PLAN

### 1999 Plan At-A-Glance

The Governor's 1999 Oil Overcharge Plan (Stripper XIX), proposes allocation of \$513,308.63 (\$447,308.63 of new Stripper monies and \$66,000 of reallocated Exxon monies). The Plan is designed to provide state citizens with credible information regarding the energy implications of Y2K, make our buildings and homes more energy efficient and reduce our dependence on petroleum based motor fuels.

The recommended programs, each summarized in the Plan, are as follows:

<b>Recommended Programs #</b>	<b>New Monies</b>	<b>Reallocated Monies</b>	<b>Oil Overcharge</b>
1) Y2K Outreach	\$ 150,000		\$ 150,000
2) Community Services Energy Efficiency Awards	\$ 75,000	\$ 25,000	\$ 100,000 @
3) Fresh Start	\$ 90,000	\$ 10,000	\$ 100,000
4) Energy Star Windows Promotion	\$ 44,000	\$ 31,000	\$ 75,000 ^
5) Alternative Motor Fuels--Clean Cities	\$ 72,000		\$ 72,000
6) Energy Program Management	\$ 16,309		\$ 16,309 *
Total	\$ 447,309	\$ 66,000	\$ 513,309

# Dollars rounded, see program description for precise figure.

@ The existing contract administrator may use 10 percent of these monies for administration.

^ The Energy Bureau may use 10 percent of these monies for delivery of program services.

\* Program also receives all available interest.

## PROGRAM SUMMARY

### **1. Y2K Outreach**

**\$150,000**

Wisconsin residents are receiving conflicting information on the impact the Y2K computer problem will have on their supply of energy and the appropriate actions to take in response. To address these concerns, the Governor has established the Blue Ribbon Commission on Year 2000 Preparedness to study this issue and to provide the state's citizens with credible, timely and actionable information about institutional, personal and household preparedness.

This program funds a portion of this outreach/educational effort. Because Wisconsin is a cold winter state, the potential interruption of the electric or natural gas delivery system in January could have severe consequences. While the preliminary findings of the blue Ribbon Commission are cautiously optimistic that disruptions will not occur, there is an ongoing need to convey this and other Y2K information to citizens. Absent reliable information, some residents may purchase and install equipment (e.g. electric generators and space heaters) which, if improperly installed or operated, could pose a safety hazard for themselves and others.

This program will provide credible information that will help citizens understand the Y2K issue and prepare for energy contingencies associated with it. The goal is to provide citizens with the information needed to make a transition to the Year 2000 smoothly, without unfounded anxiety, and adequately prepared to meet the short term challenges that could arise.

### **2. Community Services Energy Efficiency Awards**

**\$100,000**

Wisconsin has a strong interest in making child care and community based residential facilities (CBRF) more energy efficient. This program initiative furthers that interest by continuing to provide awards to eligible child care and CBRF for energy efficient improvements based on the replacement of appliances with energy efficient (EPA energy star) units. Existing program guidelines will be used to determine the award amounts. Existing facilities and facilities that are in the process of being renovated/retrofitted will continue to be eligible under this program.

### **3. Fresh Start**

**\$100,000**

This program emphasizes the construction of energy efficient new homes. Program monies would be used to provide the homes with energy efficient furnaces, water heaters and other appliances and the insulation materials and windows necessary to assure the homes are energy efficient. Approximately ten energy efficient homes would be constructed with Stripper XIX monies.

The homes would be constructed with assistance from youths who are experiencing difficulties with the judicial system. This program engages these youth in productive activities and helps them develop basic job skills and potentially specialized trade skills. Program monies would also be used to provide the training and supervision necessary to help these youth develop and use the skills necessary for constructing energy-efficient housing and for life building skills.



4. **Energy Star Windows Promotion** **\$75,000**

This program would allow Wisconsin to increase its market share of energy efficient windows produced and sold by Wisconsin manufacturers. Recently, Minnesota and Wisconsin updated their residential building codes requiring the use of more energy efficient windows. This program would assist Wisconsin window manufacturers by providing technical and labeling assistance, increasing the awareness of the public, window dealers and building contractors of the benefits of high efficiency, low-e glass windows and identifying market opportunities for the window manufacturers. The program would be implemented through the use of consultants familiar with the window industry and the marketing of energy efficient products.

5. **Alternative Motor Fuels—Clean Cities** **\$72,000**

Wisconsin Clean Cities--Southeast Area Inc. (WCC-SEA) is a voluntary, southeastern Wisconsin, non profit, public/private partnership whose mission is to expand the use of alternative motor fuels by accelerating/facilitating the purchase of alternative fueled vehicles and the development of a supporting refueling infrastructure. This program would cost share a two year coordinator position for the WCC-SEA. The coordinator would work to educate fleet managers, the public and decision makers on the benefits of alternative fueled vehicles, available financial assistance and on understanding and satisfying government requirements regarding the purchase and use of alternative fueled vehicles.

6. **Energy Program Management** **\$16,308.63 plus interest**

The Stripper IV, XV, XVI, XVII and XVIII Oil Overcharge Plans allocated monies (primarily interest and residual monies) to assist the Wisconsin Energy Bureau in continuing its mandated oil overcharge management activities and to promote energy efficiency in Wisconsin. This program continues that support by allocating Stripper XIX interest and residual monies to this program.

**PROGRAM REALLOCATIONS**

**Exxon – Low Income Pilots**

As part of Stripper XVII, the Governor and Legislature allocated \$1.1 million of new and reallocated Stripper monies to the Department of Administration, Division of Housing, to fund the Low Income Energy Assistance Program (LIHEAP). In exchange for the Stripper monies, the Governor and Legislature deobligated \$1.1 million of Exxon oil overcharge monies that were previously allocated to LIHEAP. The reason for the funding exchange was the anticipation that Federal LIHEAP regulations would allow a dollar-for-dollar Federal match to State LIHEAP expenditures made with Stripper funds but not with Exxon funds.

Of the \$1.1 million of deobligated Exxon monies, \$66,000 remains to be reallocated. This plan allocates these monies to provide partial funding for the Energy Star Windows Promotion (\$31,000), Community Services Energy Efficiency Awards (\$25,000) and Fresh Start (\$10,000). See the program descriptions for details.

## PROGRAM SUMMARY

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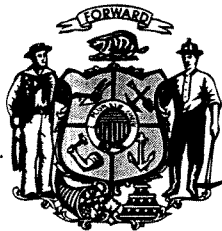
III.A. Historical Society – George Vogt, Director

The State Historical Society requests the creation of 0.50 FTE SEG Archivist-Senior position in the appropriation under s. 20.245(1)(r) and a \$19,000 SEG increase to the permanent base in the appropriation under s. 20.245(1)(r).

Governor's Recommendation

Approve the request.

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

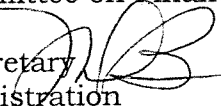


Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

**Date:** April 16, 1999

**To:** Members, Joint Committee on Finance

**From:** Mark D. Bugher, Secretary  
Department of Administration 

**Subject:** Section 13.10 Request from the State Historical Society of Wisconsin for 0.50 FTE SEG Archivist-Senior position and \$19,000 SEG.

**Request**

The State Historical Society requests the creation of 0.50 FTE SEG Archivist-Senior position in the appropriation under s. 20.245(1)(r) and a \$19,000 SEG increase to the permanent base in the appropriation under s. 20.245(1)(r).

**Background**

The Society's McCormick-International Harvester Company collection is an important resource for research on the history of the McCormick family, the mechanization of agriculture, the growth of a major corporation and entrepreneurship. The Society acquired the collection in 1951 and today the collection contains about 4,000 cubic feet of textual records, photographs, films, posters, and related materials.

In 1989, the Society proposed the creation of an endowment for the management of the collection to Brooks McCormick. Mr. McCormick provided \$250,000 for an endowment to fund a permanent half-time archivist position. The Joint Committee on Finance approved the creation of 0.50 FTE SEG position to be funded by this endowment in January 1992.

In response to a second proposal from the Society, Mr. McCormick agreed in 1993 to provide an additional \$400,000 to the endowment. The expansion of the endowment principal occurred in five equal installments with the final payment arriving in December 1998. As a result of these recent additions, the Society believes the endowment principal is sufficient (\$957,027 as of January 1999) to support a full-time archivist position.

### **Analysis**

There are two major issues to be considered in analyzing this request. The first is whether this request is a suitable use of segregated funds. The Statutes require the Society to use funds from the Historical Society Trust Fund in accordance with the purposes for which the funds are received. Since the endowment principal identified by the Society was donated for the purpose of funding an archivist for the McCormick-International Harvester Company collection, this statutory requirement is met.

The second issue is whether the endowment principal is large enough to support a 1.00 FTE archivist. The rule established by the Society is that expenditures are not to exceed 5% of the beginning balance of the endowment plus known donations to be received. The Historical Society Trust Fund is managed by the State of Wisconsin Investment Board. The Investment Board has consistently provided returns on investments above this level, so capping expenditures at 5% of the endowment is reasonable. The allowable expenditure authority for 1999-2001 under this rule is \$45,851 and the budgeted expenses are \$43,300. If the trust fund only expended 5% of its balance annually, the endowment principal would continue to grow.

### **Recommendation**

Approve the request.

Prepared by: Joshua Hummert  
4-8259



# State Historical Society of Wisconsin

816 State Street ♦ Madison, Wisconsin 53706-1488 ♦ 608/264-6400 ♦ Fax: 264-6404

March 26, 1999

TO: Senator Brian Burke, Senate Chair  
Representative John Gard, Assembly Chair  
Members, Joint Committee on Finance

FROM: George Vogt, Director  
State Historical Society

SUBJECT: REVISED Request Under Section 13.10

## Brief Summary of the Request

The Society requests the creation of a .50 SEG Archivist-Senior position and authorization to expend an additional \$19,000 SEG on an annualized basis in the appropriation under section 20.245(1)(r) in 1998-1999.

## Background of the Request

The Society's McCormick-International Harvester Company collection ranks among the premier research resources in the country on the history of the McCormick family, mechanization of agriculture, growth of major industrial corporations and entrepreneurship. The collection first came to the Society in 1951 and currently includes about 4,000 cubic feet of textual records and additional large quantities of photographs, films, posters and related materials. The collection's popularity has grown markedly during the 1990's.

In 1989, the Society proposed the creation of an endowment to manage the collection to Brooks McCormick. He agreed to provide a total gift of \$292,000 with \$250,000 of that amount for an endowment to fund a permanent half-time archivist position. The gift came to the Society in three installments and, as the result of the increase in the value of the endowment, produced enough annual earnings to support a .50 SEG-funded archivist within three years. The Joint Finance Committee approved a Society half-time position request at their January, 1992 meeting.

With the hiring of the part-time archivist, the demand for access to the collection accelerated. The increased demand on the archivist left inadequate time for collection processing, description, preservation and programming. In response to a second Society proposal, Brooks McCormick agreed in 1993 to provide an additional \$462,000 to manage and care for the collection. Monies were provided toward increasing the archivist position to full-time (\$400,000) and a variety of public programming (\$62,000). The expansion of the endowment principal occurred through five equal installments — the last payment arriving in December, 1998. The five additions to and an increase in the value of the endowment have produced a principal sufficiently large to

support a full-time archivist.

#### How the Request Meets Statutory Criteria

In effect, section 16.505(1) of the Statutes requires SEG-funded positions be created through a biennial budget bill, other legislation or by the Joint Committee on Finance acting under section 13.10 of the Statutes. In mid-November, 1998, the Society made a number of assumptions (including the receipt of the last \$80,000 payment from Brooks McCormick) to project whether there would be sufficient endowment earnings to cover the costs for a full-time position. Considering the Society's endowment management policy not to authorize the expenditure of more than five percent of an endowment's beginning fiscal year principal, it was projected there would be slightly more expenditure authority than expenditures for a full-time, SEG-funded archival position in 1998-1999. In succeeding fiscal years, the difference between these figures was projected to increase annually starting with a \$6,600 difference beginning in 1999-2000. As a result, the Society believes it is now appropriate to seek the additional position and funding authorization to meet the demand for the management and care of the collection.

The Society will be represented at the March meeting by myself and the Associate Director, Bob Thomasgard.





# State Historical Society of Wisconsin

816 State Street ♦ Madison, Wisconsin 53706-1488 ♦ 608/264-6400 ♦ Fax: 264-6404

III<sub>A</sub>

March 4, 1999

TO: Senator Brian Burke, Senate Chair  
Representative John Gard, Assembly Chair  
Members, Joint Committee on Finance

FROM: George Vogt, Director  
State Historical Society

A handwritten signature in black ink, appearing to read 'George Vogt', written over the printed name in the 'FROM' field.

SUBJECT: Request Under Section 13.101 of the Statutes

## Brief Summary of the Request

The Society requests the creation of a .50 SEG Archivist-Senior position in the appropriation under section 20.245(1)(r) in 1998-1999.

## Background of the Request

The Society's McCormick-International Harvester Company collection ranks among the premier research resources in the country on the history of the McCormick family, mechanization of agriculture, growth of major industrial corporations and entrepreneurship. The collection first came to the Society in 1951 and currently includes about 4,000 cubic feet of textual records and includes additional large quantities of photographs, films, posters and related materials. The collections popularity has grown markedly during the 1990's.

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With the hiring of the part-time archivist, the demand for access to the collection accelerated. The increased demand on the archivist's time left inadequate time for collection processing, description, preservation and programming. In response to a second Society proposal, Brooks McCormick agreed in 1993 to provide an additional \$462,000 to manage and care for the collection. Monies were provided toward increasing the archivist position to full-time (\$400,000) and a variety of public programming (\$62,000). The expansion of the endowment principal occurred through five equal installments — the last payment arriving in December, 1998. The five additions to and an increase in the value of the endowment have produced a principal sufficiently large to support a full-time archivist.

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In mid-November, 1998, the Society made a number of assumptions (including the receipt of the last \$80,000 payment from Brooks McCormick) to project whether there would be sufficient endowment earnings to cover the costs for a full-time position. Considering the Society's endowment management policy not to authorize the expenditure of more than five percent of an endowment's beginning fiscal year principal, it was projected there would be slightly more expenditure authority than expenditures for a full-time, SEG-funded archival position in 1998-1999. In succeeding fiscal years, the difference between these figures was projected to increase annually starting with a \$6,600 difference beginning in 1999-2000. As a result, the Society believes now is the time to seek the additional position authorization to meet the demand for the management and care of the collection.

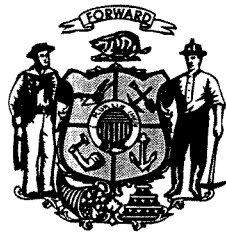
The Society will be represented at the March meeting by myself and the Associate Director, Bob Thomasgard.

IIIB. Historical Society – George Vogt, Director

The State Historical Society requests (1) the transfer of 0.75 FTE GPR position and \$34,000 GPR authority from the appropriation under s. 20.245(4)(a) to the appropriation under s. 20.245(1)(a); (2) the transfer of unclassified position status from the Office of Development director to the director of the Division of Administrative Services; and (3) the deletion of 0.75 FTE PRO position in the appropriation under s. 20.245(4)(h).

Governor's Recommendation

Approve the request.



TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

**Date:** April 16, 1999

**To:** Members, Joint Committee on Finance

**From:** Mark D. Bugher, Secretary  
Department of Administration

**Subject:** Section 13.10 Request from the State Historical Society of Wisconsin for minor position restructurings.

**Request**

The State Historical Society requests (1) the transfer of 0.75 FTE GPR position and \$34,000 GPR authority from the appropriation under s. 20.245(4)(a) to the appropriation under s. 20.245(1)(a); (2) the transfer of unclassified position status from the Office of Development director to the director of the Division of Administrative Services; and (3) the deletion of 0.75 FTE PRO position in the appropriation under s. 20.245(4)(h).

**Background**

As a general rule, the Society tries to use program revenue to fund the positions that generate the revenue. In Item (1), a Graphic Artist position in the Society is fully funded with program revenues. Since the position does not generate any revenues, the Society must reallocate revenues from other sources to support the position. To more effectively use all sources of funding, the Society is proposing the transfer of a vacant 0.75 FTE GPR position and the funding associated with that position from the Division of Administrative Services (DOAS) to the Division of Archives Services. The transfer would allow the program revenues now funding 75% of the Graphic Artist position to be used by the programs that generate the revenues.

Items (2) and (3) relate to a shift in the Society's development strategy and a reorganization request approved at the end of 1997. As part of the reorganization request, the Division of Development and State Relations was reorganized into an Office of Development. The division administrator held an unclassified position and as head of the Office of Development retained unclassified status. The Office of Development director's unclassified position is 0.75 FTE PRO and 0.25 FTE GPR. The program revenues used to fund the PRO portion of the position come from the Wisconsin Historical Foundation (WHF), an organization created solely for the benefit of the State Historical Society. In recent years, the Society's development strategy has shifted and the WHF now plays a much more important

role. One significant change is that the WHF has begun to pay directly for positions rather than following its traditional practice of providing funds to the Society for the support of positions.

As a result, the Society is requesting in Item (2) that the unclassified status of the Office of Development director be transferred to the director of the DOAS. Item (3) would then delete the 0.75 PRO FTE that had previously been supported by the WHF, but for which revenues no longer exist. The Office of Development director, using a vacant 0.25 FTE GPR in the same appropriation where the GPR portion of the director's position is, would then become a half-time classified position.

### **Analysis**

From a policy standpoint, this is a reasonable request. Switching 0.75 FTE of the Graphic Artist position to GPR from PRO will allow the program revenues currently funding the position to be used by the programs that generate the revenue and allow the Society to better use both its GPR and PRO funding.

Following the reorganization in 1997, the Office of Development contained three employees. As staff provided by the WHF play a larger role in soliciting support for the Society, the tasks performed by the Office of Development director have become more limited. DOAS, however, is many times larger and is providing more services to the Society as a whole. As a result, DOAS is the more logical location for an unclassified position. Finally, deleting the 0.75 PRO FTE not only reflects the shift in the Society's long-term development plan, but is also in line with the state's goal of eliminating unnecessary positions.

The major question regarding this proposal is the use of the 13.10 process for its submission. Since the reorganization which forms part of the basis for this request was approved a year and a half ago, it appears it might have been possible for the Society to include these items as part of its budget request. According to the Society, however, the reason this request was submitted through the 13.10 process is that the 1.00 FTE GPR that the Society is proposing to split between the Graphic Artist position and the Office of Development director was not available when the budget proposal was being developed.

### **Recommendation**

Approve the request.




# State Historical Society of Wisconsin

816 State Street ♦ Madison, Wisconsin 53706-1488 ♦ 608/264-6400 ♦ Fax: 264-6404

March 26, 1999

TO: Senator Brian Burke, Senate Chair  
 Representative John Gard, Assembly Chair  
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FROM: George Vogt, Director  
 State Historical Society 

SUBJECT: REVISED Request Under Section 13.10

## Brief Summary of the Request

The Society requests [1] the transfer of .75 GPR of a position and \$34,000 GPR on an annualized basis from the appropriation under section 20.245(4)(a) to the appropriation under section 20.245(1)(a); [2] the elimination of .75 PRO of an unclassified position in the appropriation under section 20.245(4)(h); and [3] the transfer of the unclassified status for that position (which is .75 PRO and .25 GPR) to another GPR classified position in the appropriation under section 20.245(4)(a).

## Background of the Request

Although complicated, the Society's request would address several issues in a package. One issue relates to stabilizing the funding for the Society's Graphic Artist position. Presently, the position is funded entirely with PRO. However, the position generates no revenues, so other agency program revenues cover the position's costs. The transfer of 75 percent of a vacant GPR position in the Division of Administrative Services (DOAS) to the Division of Public History would put the Graphic Artist position on a sounder financial footing and allow the program revenues now funding three-quarters of the position to be used by the programs generating them instead.

A second issue relates to clean-up after a Society reorganization approved at the end of 1997. As a result of that approval, the Division of Development and State Relations was reorganized into an Office of Development. The division was headed by an unclassified division administrator; the office was headed by that same unclassified position. The full-time unclassified position is funded .75 PRO and .25 GPR. The Society requests three actions relating to the position. First, the Society would like to combine that .25 GPR authorization with the remaining .25 GPR authorization for the above vacant DOAS position to create a half-time GPR position. Second, the Society would like to return the "new" half-time position to a classified status (which it had been previously). Third, the Society would like to "shift" the unclassified status of the existing full-time position to an existing GPR position in DOAS.

A third issue relates to improving the services of the DOAS in several ways. The division's responsibilities would be expanded. Although not requiring formal approval, the Offices of Human Resources and Data Processing would move under the division. The use of an existing position in the appropriation under section 20.245(4)(a) — the appropriation which includes the Division of Administrative Services and the Offices of the Director, Development, Human Resources and Data Processing — to create a new division administrator position would allow the existing division administrator position to be reconfigured and focused on financial management and analysis throughout the agency. Additionally, the Society would like to change the status of the "new" division administrator from a classified to unclassified status. That unclassified designation would be shifted from the head of the Office of Development.

#### How the Request Meets Statutory Criteria

The first part of the Society's request falls under section 13.101(4) and the second part falls under section 13.101 (2). It is unclear whether the Committee could approve the third action.

A series of recent discussions caused the Society to consider the solution of these issues holistically. As the result of the discussions, it was concluded (1) the problems with several Society program revenue accounts must be addressed and (2) the expansion and redefinition of the responsibilities of the Division of Administrative Services would improve service delivery.

The Society will be represented at the March meeting by myself and the Associate Director, Bob Thomasgard.



# State Historical Society of Wisconsin

816 State Street ♦ Madison, Wisconsin 53706-1488 ♦ 608/264-6400 ♦ Fax: 264-6404

March 4, 1999

TO: Senator Brian Burke, Senate Chair  
 Representative John Gard, Assembly Chair  
 Members, Joint Committee on Finance

FROM: George Vogt, Director  
 State Historical Society

SUBJECT: Request Under Section 13.101 of the Statutes

## Brief Summary of the Request

The Society requests (1) the transfer of a .75 GPR position from the appropriation under section 20.245(4)(a) to the appropriation under section 20.245(1)(a) and (2) the elimination of a .75 PRO unclassified position in the appropriation under section 20.245(4)(h) and the transfer of the .75 unclassified status for that position and the .25 unclassified status for an existing GPR position in the appropriation under section 20.245(4)(a) to another existing GPR classified position in the appropriation under section 20.245(4)(a).

## Background of the Request

Although complicated, the Society's request would address several issues in a package. One issue relates to stabilizing the funding for the Society's Graphic Artist position. Presently, the position is funded entirely with PRO. However, the position generates no revenues, so other agency program revenues cover the position's costs. The transfer of 75 percent of a vacant GPR position in the Division of Administrative Services (DOAS) to the Division of Public History would put the position on a sounder financial footing and allow the program revenues now funding three-quarters of the Graphic Artist position to be used by the programs generating them.

A second issue relates to cleaning up after a Society reorganization approved at the end of 1997. As a result of that approval, the Division of Development and State Relations was reorganized into an Office of Development. The division was headed by an unclassified division administrator; the office by an unclassified position. The Society would like to restructure that position in several ways. First, the Society would like to reduce the position to half-time to be totally funded with GPR. The full-time position is funded .75 PRO and .25 GPR. The existing .25 GPR authorization would be combined with the remaining .25 GPR position from the above vacant DOAS position to create a half-time GPR position. Second, the Society would like to return the position to a classified status (which it had been previously). Third, the Society would like to "shift" the unclassified status of the full-time position to an existing GPR position in DOAS.



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A third issue relates to improving the services of the DOAS in several ways. The division's responsibilities would be expanded. Although not requiring formal approval, the Offices of Human Resources and Data Processing would move under the division. The use of an existing position in the appropriation under section 20.245(4)(a) — the appropriation which includes the Division of Administrative Services and the Offices of the Director, Development, Human Resources and Data Processing — to create a new division administrator position would allow the existing division administrator position to focus on financial management and analysis in the agency. The Society would like to change the status of the division administrator from a classified to unclassified. That new designation would be shifted from the head of the Office of Development.

#### How the Request Meets Statutory Criteria

The first part of the Society's request falls under section 13.101(4) and the second part falls under section 13.101 (2). A series of recent discussions caused the Society to consider the solution of these issues holistically. As the result of the discussions, it was concluded (1) the problems with several Society program revenue accounts must be addressed and (2) the expansion and redefinition of the responsibilities of the Division of Administrative Services would improve service delivery.

The Society will be represented at the March meeting by myself and the Associate Director, Bob Thomasgard.

IV. University of Wisconsin System -- James Albers, Director of Campus Planning

In accordance with s. 13.101 (13)(b), UW System is requesting one half the proceeds from the sale of 5.5 acres at the Ashland Research Station operated by UW-Madison be made available to UW-Madison to be used to support ongoing research at that research station. Proceeds from the sale totaled \$5,525.00. This amount has been remitted to the Department of Administration to be credited to the appropriation under s. 20.865 (4)(a).



# The University of Wisconsin System

Vice President for Finance  
1752 Van Hise Hall  
1220 Linden Drive  
Madison, Wisconsin 53706  
(608) 262-1311 FAX (608) 262-3985

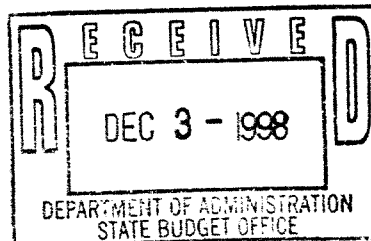
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**DATE:** November 30, 1998

**TO:** The Honorable Tim Weeden  
Senate Chair  
Joint Committee on Finance

The Honorable John Gard  
Assembly Chair  
Joint Committee on Finance

**FROM:** Marcia Bromberg *MB*  
Vice President for Finance  
University of Wisconsin System



**SUBJECT:** Proceeds from sale of 5.5 acres at Ashland Agricultural Research Station, UW-Madison

In accordance with s.13.101(13)(b), the Joint Committee on Finance may, upon request of the agency depositing proceeds from the sale of property, transfer not more than 50% of the moneys so credited to any appropriation account of that agency.

A check for \$5,525.00 has been remitted to Administrative Services, Department of Administration for deposit in Appr. under 20.865(4)(a). This money was received from the sale of the property named above, as approved by resolution of the University of Wisconsin Board of Regents.

The University of Wisconsin System requests that half of these funds (\$2,762.50) be made available to the UW-Madison to be used for support of ongoing research at the Ashland Agricultural Research Station. The funds should be made available in Appr. 20.285(1)(ka) as a receipt (UW fund 136).

Thank you for your consideration of this request.

- c: Katharine Lyall, University of Wisconsin System, President
- Bob Lang, Legislative Fiscal Bureau
- ✓ Dan Caucutt, State Budget Office
- Peter Maternowski, State Budget Office
- Paul McMahan, Department of Administration, Administrative Services
- Chuck Stathas, University of Wisconsin System, General Counsel
- John Torphy, University of Wisconsin-Madison, Vice Chancellor
- Elton Aberle, University of Wisconsin-Madison, Dean, College of Agricultural & Life Sciences
- Paul Jelle, University of Wisconsin-Madison, Asst. Dean, College of Agricultural & Life Sciences
- George Ketterer, University of Wisconsin System

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V. University of Wisconsin System - UW-Madison, Division of Intercollegiate Athletics  
-- John Torphy, Vice Chancellor, UW-Madison

The UW System requests approval of \$5,062,778 in additional expenditure authority for the appropriation under s. 20.285 (5) (h), *Intercollegiate Athletics Auxiliary Enterprises*; \$67,400 for the appropriation under s. 20.285 (5) (i), *Nonincome sports*; and a reduction of \$1,955,978 in the appropriation under s. 20.285 (5) (j), *Gifts and grants*. This request was originally submitted under s. 16.515. An objection was raised by the committee and the request was scheduled for a meeting under s. 13.10.

VI. Department of Health and Family Services – John Kiesow, Executive Assistant

The department requested the approval of a plan under 14-day passive review for the expenditure of federal Income Augmentation funds. Due to an objection from a committee member, this request is now before the committee under s. 13.10.

VII. Department of Natural Resources – Craig Karr, Division Administrator, Customer Assistance and External Relations

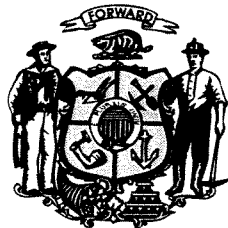
The department requested approval of a grant to the City of Janesville for the purchase of 17.395 acres along the Rock River under the 14-day passive review required under s. 23.0915(4). Due to an objection from a committee member, this request is now before the committee under s. 13.10.

VIII. Elections Board – Kevin Kennedy, Executive Director

The Board requests increased budget authority of \$8,000 PR in 1998-99 in the Board's general program operations program revenue appropriation (s. 20.510 (1)(i)) and a supplement of \$45,000 GPR in 1998-99 to the Board's general program operations general purpose revenue appropriation (s. 20.510 (1)(a)) to complete the development of electronic filing software and the conversion of its program information system, the State of Wisconsin Elections Board Information System, or SWEBIS and to meet a projected salary shortfall.

Governor's Recommendation

Approve one-time supplement of \$48,200 GPR from the Committee's appropriation to 20.510(1)(a) and an increase of \$8,000 PR in s.20.510(1)(i).



TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

**Date:** April 16, 1999

**To:** Members, Joint Committee on Finance

**From:** Mark D. Bugher, Secretary  
Department of Administration

**Subject:** Section 13.10 Request from the Elections Board for the Completion of Electronic Filing Software and the Conversion to SWEBIS and to Meet a Projected Salary Shortfall.

### Request

The Elections Board requests a one-time supplement of \$45,000 GPR in 1998-99 from the Joint Finance Committee's appropriation s. 20.865 (4)(a) to the Board's general program operations general purpose revenue appropriation s.20.510 (1)(a), and a one-time increase in budget authority of \$8,000 PR in 1998-99 in the Board's general program operations program revenue appropriation s.20.510 (1)(i) to complete the development of electronic filing software and the conversion of its program information system, the State of Wisconsin Elections Board Information System, or SWEBIS and to meet a projected salary shortfall.

### Background

In the 1997-99 budget the Elections Board received \$168,400 GPR in FY98 for the conversion of its database, SWEBIS, from an INGRES based application to an ORACLE based application and \$102,800 GPR in FY98 for an electronic filing enhancement to SWEBIS. 1997 Act 230 requires electronic filing of campaign finance reports for registrants who accept \$20,000 or more in contributions during a campaign period beginning on July 1, 1999. The Elections Board estimates that approximately 10% of filers will be required to file electronically. Funding for the database conversion was granted in the 1997-99 budget. The Joint Committee on Finance approved \$102,800 GPR, plus \$12,000 additional GPR in funding for the electronic filing enhancement at the 13.10 meeting on the December 18, 1997. The Elections Board has contracted with Enterprise Solutions Technology Group (ESTG) for both the database conversion and the electronic filing enhancement at a cost of \$58 dollars per hour in FY99 and \$60 dollars per hour in the next biennium. The Governor's budget recommends \$31,200 in FY00 and FY01 to fund 520 hours of contractor assistance to keep SWEBIS operational and functioning at critical filing deadlines.



### Analysis

The Elections Board estimated the costs related to these projects in 1996 during its budget request development for the 1997-99 budget. Electronic filing of campaign finance reports and posting such information on the Internet began around this time as a nationwide trend. Therefore, future technical difficulties in developing electronic filing and database conversion could only be estimated at that time. Since the passage of the 1997-99 budget the Board has encountered numerous technical difficulties in accomplishing both projects. ESTG has worked 720 hours on five major delays in the development of these projects including: installing an upgrade to ORACLE (80 hours), difficulties installing the ORACLE web application onto a server (120 hours), extra complexities in the election management section of SWEBIS (180 hours), and difficulties with the development tools acquired to develop electronic filing software (340 hours). In addition, the contractor has contributed 600 hours of unbilled work due to personnel turnover in the lead developer position. ESG estimates that 900 hours of work will need to be performed on these projects between March 20, 1999 and June 30, 1999 at cost of \$58 dollars per hour.

The Board also projects a salary shortfall in its budget through the end of FY99. The Board has \$438,871 in budget authority to fund its salary costs for FY99 and has expended \$361,850, leaving \$77,021 in remaining budget authority. The Board projects that it needs \$134,778 in budget authority to meet their salary needs for the remaining 7 pay periods until the end of FY99. This leaves a shortfall of -\$57,757. The Board can ask for approximately \$30,960 from the State Budget Office in an FY99 pay plan supplement to meet its salary needs for the rest of FY99, leaving a deficit of -\$26,797 if the whole of \$30,960 is granted.

The Board also has a PR appropriation which currently has \$34,700 in filing fee revenues it began collecting on January 1, 1998 which is available to fund the remaining deficit. This fee is paid by all groups, individuals and committees filing termination reports before December 31 of each calendar year, with expenditures greater than \$2,500 to pay with their annual report to the Board. This appropriation, s.20.510(1)(i), has \$27,200 in budget authority for general program operations. An additional \$7,600 in appropriation authority would be needed to fully use the available balance to apply to the deficit.

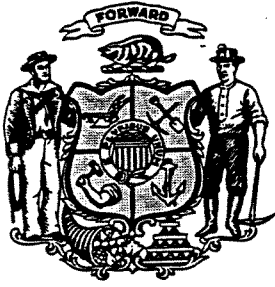
Overall, the Board projects a need of \$31,200 for salaries and \$52,200 for contractor costs until the end of FY99, or \$83,400, if all costs were funded from the GPR appropriation. After applying base level PR available of \$27,200 and an increase of \$8,000 in additional PR budget authority for the completion of the electronic filing enhancement and the database conversion, the Board would still need \$48,200 in additional GPR to complete these projects, instead of the \$45,000 requested. The Board's remaining revenue and budget authority of approximately \$7,200 available for supplies and services for the board is insufficient to fund this remaining expense and is needed for general office expenses.

**Recommendation**

Approve one-time supplement of \$48,200 GPR from the Committee's appropriation to 20.510(1)(a) and an increase of \$8,000 PR in s.20.510(1)(i).

Prepared by: Deborah A. Uecker  
267-0371

# State of Wisconsin \ Elections Board



**Don M. Millis**  
Chairperson

P.O. Box 2973  
132 EAST WILSON STREET  
MADISON, WISCONSIN 53701-2973  
(608) 266-8005  
FAX (608) 267-0500

**Kevin J. Kennedy**  
Executive Director

April 8, 1999

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

Dear Senator Burke and Representative Gard:

## Summary of Request

The State Elections Board has a financial emergency. The Board needs \$53,000 in additional spending authority.

The State Elections Board requests that the Joint Legislative Committee on Finance provide a one-time supplement to the agency's general program operations budget [s.20.510(1)(a)] in the amount of \$45,000 GPR. This funding will enable the agency to complete the conversion of its information technology system, SWEBIS, and the enhancement for electronic filing of campaign finance reports. The Elections Board also requests that the Committee increase the spending authority in its filing fee program revenue account [s.20.510(1)(i)] by \$8,000. These funds will be used reduce the funding shortfall.

## Background

The 1997-99 Budget provided the Elections Board with \$168,400 in funding to convert its information technology system, SWEBIS, from an Ingres based application to an Oracle based application. This was required by a DOA information technology initiative to upgrade state agencies. The Joint Finance Committee released an additional \$102,800 to implement an enhancement to SWEBIS that would enable registrants to file campaign finance reports electronically. Both these amounts, which had been included in the Elections Board 1997-99 budget request, were based on estimates provided by the agency's contract programmer, Enterprise Solutions Technology Group (ESTG).

The agency has expended all of the funding allocated to this project. The contractor estimates \$63,278 left to complete the project. Of that amount, \$52,200 will be incurred for work in this fiscal year.

The agency does not have the financial resources to meet these obligations. In addition to the higher development costs the agency does not have enough funding in its salary line. The agency needs \$31,200 to meet its projected salaries for the current fiscal year. This amount includes the projected salary supplement of \$28,800 for FY9. There are a number of factors that have led to this financial emergency.

The software development project was based on estimates prepared in 1996. These estimates were based on the developer's knowledge of our design needs and the software tools available for carrying out the project. There are several factors that have increased the costs of development. Some parts of the project have taken more time to develop than estimated. For example, it took more hours to develop parts of the election administration segment because the design for election wards and reporting units was more complex than envisioned. The design tools purchased by the agency to assist the developer with electronic filing software were not compatible with the database software because the company did not supply the most current release. This added significant time to the work of the contract programmer.

The other source of the emergency shortage is in the agency salary line. Although no new positions were added, staff salaries have increased over the original budget allocation due to reclassification of the executive director position and the hiring of two new employees at a higher salary than their predecessors. The legislature reclassified the executive directors of the Elections Board and the Ethics Board in 1997 Wisconsin Act 29. The Ethics Board budget was supplemented as part of the budget adjustment bill in April 1998, but the Elections Board budget was not. This created a \$23,000 salary shortfall.

Furthermore, the agency did not claim a salary supplement of \$16,000 to which it was entitled for 1997-98. This was due to a combination of factors: (1) There was turnover in the DOA budget analyst assigned to the agency. Under normal circumstances and in view of the salary line pressures described, the agency may have been advised to consider claiming the supplement and allowing it to carry forward into the next fiscal year in the Board's biennial appropriation. (2) The agency office manager who supervises the person responsible for filing the supplement had just started and was occupied directing a complicated agency move.

The Elections Board has a biennial budget because its costs are higher in the second year of the biennium, which coincides with the election cycle. If we had secured the additional funding in FY 8 for salaries, the money could have been used this year.

The agency has access to approximately \$8,000 in additional program revenue, but it lacks the spending authority to use it. The agency has collected \$35,200 in filing fees, but it is only authorized to spend \$27,200. The agency has not allocated the \$27,200 in available program revenue from filing fees. These funds would be used to reduce the salary shortfall.

### **Justification**

An emergency exists because the Elections Board needs to complete the conversion of SWEBIS to carry out its basic administrative operations. The Elections Board must also complete the electronic filing software application so that registrants can file campaign finance information electronically.

There are no funds available to pay the consultant fees for the balance of the fiscal year. After applying the available filing fee revenue, the agency is an estimated \$4,000 short in its salary line and \$49,000 short in its supplies and services line. If the agency's program revenue spending authority is increased and a one-time GPR supplement of \$45,000 is authorized, the money can be used to pay these costs.

The legislature has authorized the purposes for which the funding would be used. The database conversion and electronic filing were funded by decision items in the 1997-99 agency budget.

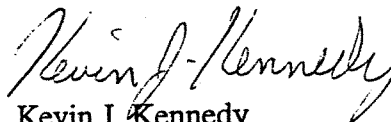
### Request

The Elections Board estimates that it will have a need for \$53,000 in additional spending authority and requests the following action to address our problem:

- 1) Increase the spending authority for the filing fee program revenue account [s.20.510(1)(i)] from \$27,200 to \$35,200 and use the full appropriation amount to fund part of the shortfall;
- 2) Authorize \$45,000 in supplemental funding for the agency's general operations [s.20.510(1)(a)] so that the agency can pay the costs of developing the electronic filing software and conversion of its program information system, SWEBIS.

Thank you for your consideration of this request. I will be present at the Joint Finance Committee meeting to answer any questions.

**State Elections Board**



Kevin J. Kennedy  
Executive Director