

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_pt08b1

Record of Committee Proceedings

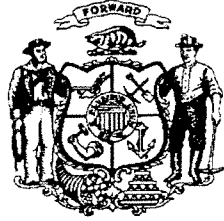
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S. 13.10 Meeting
September 16, 1999

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

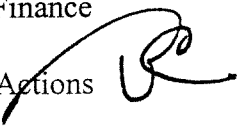
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JOINT COMMITTEE ON FINANCE

Date: September 9, 1999
To: The Members, Joint Committee on Finance
From: Dan Caucutt, Secretary for s. 13.10 Actions 

The next regular meeting of the Joint Committee on Finance under s. 13.10 is scheduled for Thursday, September 16, 1999 at 10:00 a.m. on the First Floor of 119 Martin Luther King, Jr. Blvd.

Thirteen items are currently scheduled for committee action, including two requests previously submitted to the Committee under s. 16.505 and s. 23.0915(4). In addition, there will be one or more reports submitted.

The Governor's recommendations on the requests and State Budget Office analyses of them will be distributed to the members on September 14, 1999, along with the formal agenda. The Fiscal Bureau will distribute its own analyses of the requests. Materials in the September 14 distribution will be organized by tabbed section dividers marked with the Roman numerals in the upper-right corner of the attached requests.

The following is a summary of the items in the order that they will be heard on September 16, 1999.

I-a. Department of Natural Resources – George E. Meyer, Secretary

The department requests creation of 5.0 SEG FTE four-year project positions and increased expenditure authority of \$232,700 SEG in fiscal year 1999-2000 and \$291,500 SEG in fiscal year 2000-01 in the appropriation under s. 20.370(1)(mu) (general program operations - state funds). The requested project positions would administer the salvaging of timber from trees felled by storms and provide services to private forest landowners.

I-b. Department of Natural Resources – George E. Meyer, Secretary

The department requests a supplement of \$73,000 GPR in fiscal year 1999-2000 from the Committee's appropriation under s. 20.865(4)(a) (general purpose revenue funds - general program supplementation) to the appropriation under s. 20.370(1)(fb) (endangered resources - general program operations) to allow DNR to make full payment of endangered resources damage claims and abatement costs.

I-c. Department of Natural Resources – George E. Meyer, Secretary

The department requested approval of the creation of two 0.5 PR-S FTE permanent positions in the appropriation under s. 20.370(1)(mk) (general program operations – service funds) under the 14-day passive review required under s. 16.505. The positions were requested to provide data coordination and to develop and maintain geographic information systems and digital maps.

Due to an objection from a committee member, this request is now before the committee under s. 13.10.

I-d. Department of Natural Resources – George E. Meyer, Secretary

The department requested approval of the purchase of 32,000 acres in Lincoln, Oneida, Iron and Vilas Counties from Packaging Corporation of America under the 14-day passive review required under s. 23.0915(4). The purchase would be completed in two phases of 16,000 acres.

Due to an objection from a committee member, this request is now before the committee under s. 13.10.

II. Department of Commerce – Phil Albert, Deputy Secretary

The department requests authorization to extend 1.0 GPR FTE grants specialist-advanced one-year project position for three additional years in the general program operations appropriation under s. 20.143(1)(a), to assist in the financing and management of awards associated with the department's Dairy 2020 program.

III. Department of Administration - Dan Stephans, Division of Facilities Development

The department requests a supplement of \$400,000 GPR from the Committee's appropriation under s. 20.865(4)(a) to the appropriation for historically significant

furnishings under s. 20.855(3)(c) in order to take possession of furniture items and place them at various locations in the Capitol building, as directed by the Joint Committee on Legislative Organization.

IV-a. Department of Health and Family Services – Joe LEEAN, Secretary

The department requests a transfer of \$5,000,000 GPR in fiscal year 1999-2000 from the medical assistance benefits appropriation under s. 20.435(4)(b) to the BadgerCare benefits appropriation under s. 20.435(4)(bc) to be used for BadgerCare program expenditures between October 1, 1999, and December 31, 1999.

IV-b. Department of Health and Family Services – Sinikka McCabe, Administrator Division of Supportive Living

The department requests the transfer of \$69,100 GPR from the appropriation under s. 20.435(7)(bm), purchased services for clients, to the appropriation under s. 20.435(6)(a), general program operations, for the provision of services to the deaf and hard of hearing.

V. Higher Educational Aids Board – Jane Hojan-Clark, Executive Secretary

The agency requests a supplement of \$27,082 GPR in fiscal year 1999-2000 from the Committee's appropriation under s. 20.865(4)(a) to HEAB's appropriation for general program operations under s. 20.235(2)(aa) to provide one-time funding for the costs of accumulated sabbatical and other leave time being paid to a recently retired, long-time employee.

VI. Department of Revenue – Cate Zeuske, Secretary

The department requests a supplement of \$130,600 SEG in fiscal year 1999-2000 and \$152,900 SEG in fiscal year 2000-01 from the Committee's appropriation under s. 20.865(4)(u) and authorization of 3.0 SEG FTE permanent positions beginning in fiscal year 1999-2000 for the department's s. 20.566(2)(r) appropriation for the administration of the lottery and gaming credit. The source of the requested funding is the lottery fund. The entire amount requested in fiscal year 2000-01 is for ongoing funding.

VII-a. Department of Corrections - Jon Litscher, Secretary

The department requests authorization in fiscal year 1999-2000 to contract for an additional 250 out-of-state inmate beds and to modify the department's contract with

Corrections Corporation of America (CCA) related to the requested increase in contract beds. In addition, the department notifies the Committee of its intent to transfer 87 previously approved contract beds from Texas to a CCA facility site in Sayre, Oklahoma.

VII-b. Department of Corrections - Jon Litscher, Secretary

The department requests position authorization in fiscal year 1999-2000 of 184.89 GPR FTE permanent positions to staff the Supermax Correctional Facility, located in Boscobel.

VIII. Department of Justice – Susan Goodwin, Executive Assistant

The department requests a supplement of \$635,500 GPR in fiscal year 1999-2000 and \$410,700 GPR in fiscal year 2000-01 from the Committee's appropriation under s. 20.865(4)(a) to its Law Enforcement Services general program operations appropriation under s. 20.455(2)(a) and the authorization of 7.0 GPR FTE permanent positions to create a new office for the Division of Narcotics Enforcement in southwest Wisconsin.

Reports

R-1 Department of Administration Position Reports Required Under s. 16.50.

Senate Bill 143:

Extending Eligibility and Employer Contribution Towards State Group Health Insurance Premiums to State Employees Activated to Military Duty

This is Senator Moen's bill which is identical to Assembly Bill 329. AB 329 passed the Assembly 99-0, and was messaged to the Senate without JFC referral. SB 143 passed Senator Moen's committee 7-0 and was referred to JFC. Both bills are identical. They were both amended in their respective standing committees with the same amendment.

Today, you should approve the amendment (Senate Amendment 1) and then make a motion for final passage with an emergency statement attached.

Prepared by: Julie



Legislative Fiscal Bureau

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

September 14, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Material for the Committee's September 16 Meeting

Attached is a paper, prepared by this office, on Senate Bill 143 which is scheduled for executive action at the Committee's September 16 meeting.

The meeting is scheduled for 10:00 a.m. and will be held on the First Floor of 119 Martin Luther King, Jr. Blvd.

BL/sas
Attachments



Legislative Fiscal Bureau

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

September 16, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 143: Extending Eligibility and Employer Contribution Towards State Group Health Insurance Premiums to State Employees Activated for Military Duty

Senate Bill 143 would create a provision establishing, on a permanent basis, eligibility for and required employer contribution to, state group health insurance premiums for state employees who are activated to serve on military duty in the U. S. armed forces, other than for training purposes. The bill was referred to the Senate Committee on Health, Utilities, Veterans and Military Affairs, which adopted Senate Amendment 1 to the bill on a vote of 7-0 and recommended the bill for passage, as amended, on a vote of 7-0. An identical bill, Assembly Bill 329 with Assembly Amendment 1 (which has the same effect as Senate Amendment 1 to SB 143), was passed by the Assembly and is in the Senate Committee on Health, Utilities, Veterans and Military Affairs.

BACKGROUND

Under current law, if an employee is on paid military leave, the employee continues to be insured and premiums continue to be paid by the employer for health insurance. Generally, the state grants officials and classified employees who have permanent status and who are members of the National Guard, state defense force, or any other reserve component of the military forces of the United States or this state, a paid military leave of absence for up to 30 work days during a calendar year. Under collective bargaining agreements for some represented employees, less than 30 days of paid military leave may be granted. An employee may also use accrued annual leave to remain on the payroll if the employee has exhausted his or her annual paid military leave.

For employes on an unpaid leave of absence (including military leaves of absence of longer than 30 days duration), health insurance premiums are prepaid for up to two months in advance, and the state already is required to continue to pay the employer share of health insurance for the first three months of an employe's leave of absence, so these employes already receive a total of up to five months of coverage with employer contributions. After the expiration of this period in which the employer currently contributes to health insurance premiums, the employe may continue health insurance coverage through 36 months after the start of the leave of absence by paying the full premium amount.

State employes called to active duty are provided health insurance coverage through the military service branch immediately upon their activation. After 30 days of active duty, the spouse and dependent children of the individual also become eligible automatically for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). This coverage is in addition to any continued eligibility under the state health insurance plan; however, CHAMPUS is not as comprehensive as the state health plan. In addition, if an individual enrolled in CHAMPUS also has other health insurance coverage, federal regulations require that CHAMPUS benefits be paid only after any benefits for such care and services have been paid under the other plan. Finally, it should be noted that care or services for injuries sustained as a result of acts of war or military action are generally not eligible for coverage under the state group health plan as a result of exclusions contained in the insurance contracts.

SUMMARY OF THE BILL

Individuals Covered. Senate Bill 143 would extend eligibility for and require employer contributions to, premium payments for state group health insurance to state employes who meet all of the following criteria: (1) they were activated to serve on military duty in the U. S. armed forces (other than for training purposes) on or after April 15, 1999; (2) on the date of activation, they were eligible for state group health insurance coverage, had been receiving employer contributions towards the health insurance premiums, and were on an approved military leave of absence (or were eligible for reemployment with the state under s. 45.50 of the statutes upon completion of the military service); and (3) they were a member, when activated, of the Wisconsin National Guard or of a reserve component of the U. S. armed forces or were recalled to active military duty from inactive reserve status.

Election of Continued Coverage. To receive the coverage that would be provided under the bill, the eligible employe, or the employe's designated representative, would have to make such an election not later than 60 days after the employe began the active military duty.

If the eligible employe was currently not insured under the state group health plan after the date of activation, he or she could elect to be reinstated without further evidence of insurability, and receive employer contributions toward the premium payments. If the eligible employe was insured, either because he or she was still eligible under the current law provisions permitting up to five

months of coverage under a leave of absence or because the employe had elected to pay the full premium amount after that five month period, he or she could also elect to again receive employer contributions toward the premium payments.

Level of Coverage Provided by the Employer. The amount of the employer contributions made toward state group health insurance premiums for the eligible employe would be equal to the amount of employer contributions that would have been paid toward the premium payment had the employe continued in state service rather than performing military service.

Lump Sum Payments Under Certain Circumstances. If the eligible employe had: (1) been insured during the period the employe left state service to perform military service; and (2) before again becoming eligible for employer-paid premium contributions, had been required to make one or more payments towards his or her state group health insurance premiums, the bill would require the state to pay a lump sum amount to the employe equal to the employer contribution that would have been paid had the employe remained in state service.

Duration of Eligibility for Employer State Group Health Insurance Premium Contributions. The eligible employe would not be able to receive from all sources (employer contributions as a result of a paid or unpaid leave of absence, lump sum payments under the bill, and employer contributions to premiums under the bill) more than the equivalent of 12 months of the employer's share of premium payments.

SENATE AMENDMENT 1

Senate Amendment 1 would delete the provision of Senate Bill 143 that would limit the state to paying for no more than a total of 12 months of employer contributions for state employes who are activated to serve in the U. S. armed forces.

FISCAL EFFECT

A review of DOA's central payroll records for the 1998 calendar year indicates that 294 non-University of Wisconsin System state employes took military leave during that period. The University of Wisconsin System was also contacted in an attempt to determine the number of University employes who took such leave during 1998, in order to develop an estimate of the maximum number of state employes who might be affected by the provisions of the bill

However, the University does not have readily available data on the number of military leaves granted to its employes during 1998 but believes that it would be much less than the number of military leaves granted to employes on DOA's central payroll. The University has indicated that most faculty employes would typically not be subject to active duty call-up but that a number of its classified staff might be, similar to the experience for other state employes.

In the absence of complete University data, it is difficult to estimate the maximum number of state employees annually that might be subject to active duty call-up. For the purpose of this estimate, it was assumed that there would likely be no more than approximately 200 such employees annually at the University, for an estimated total of 500 employees annually in all state agencies who might be affected by the provisions of the bill.

Under current law procedures, health insurance premiums are generally prepaid two months in advance for employees on an unpaid leave of absence (including military leaves of absence), and the state is further required to continue to pay the employer share of health insurance premiums for the first three months of an employee's leave of absence. Therefore, an eligible employee under the bill would already have, under current law, a total of up to five months of coverage with employer contributions. Consequently, the provisions of the bill would result in a maximum of seven additional months of employer-paid health insurance premiums.

It is estimated that this seven months of additional employer-paid health insurance premium payments for approximately 500 eligible employees annually could result in an additional potential premium cost exposure to state agencies of \$1,553,600 (all funds) annually. The estimated GPR portion of these potential costs would be \$713,600 annually.

It should be noted, however, that the above figure represents only potential costs to state agencies. If a current state employee is called-up to active military service and the resulting agency position vacancy is left unfilled for the duration of the military leave, the agency's budgeted salary and fringe benefits costs for the position would either lapse to the source fund at the end of the fiscal year or would be available to the agency to fund other personnel costs such as temporary replacement staff. To the extent that the funds were available to lapse, however, they would presumably fully offset the additional health insurance premium contribution costs that would be incurred under the bill.

An initial fiscal estimate for the bill prepared by the Department of Employee Trust Funds (ETF) assumed that there would be potentially 600 state employees annually who could be subject to active duty call-up. That fiscal estimate also calculated that the eligible state employees would newly be eligible for a maximum of nine months of additional employer-paid premiums. (This calculation recognized that current law already provides for employer-paid premiums for the first three months of an employee's leave but did not reflect the fact that such payments are typically prepaid two months in advance.) Based on these assumptions and using the state's current average monthly health insurance premium costs, ETF initially estimated potential costs under the bill at \$2,200,000 (all funds) annually. A subsequent, updated fiscal estimate submitted by ETF now indicates that because of the uncertainty over the duration of the time that an employee might be on a military leave of absence, it is believed that agencies typically leave such affected positions vacant. In this case, since agencies have already been budgeted for the costs of health insurance for those called up to active military service, the updated fiscal now estimates that no new expense would be anticipated (where the affected positions remain vacant).

FISCAL EFFECT OF SENATE AMENDMENT 1

Senate Amendment 1 to Senate Bill 143 would delete the 12-month limitation on the payment of employer contributions towards group health insurance premiums for state employees who are activated to serve in the U. S. armed forces.

Deletion of this limitation would require a state agency to continue the payment of the employer's share of an eligible employee's group health insurance premiums for the duration of the military leave. To the extent that the duration on an eligible employee's leave was such that his or her employing agency was required to temporarily fill the eligible employee's position, additional group health insurance-related fringe benefits costs would be incurred. However, data on the number of employees called to active duty for periods in excess of 12 months and the degree to which state agencies would act to fill longer term vacant positions of such employees is not available, so the likely impact of this change cannot be estimated.

EMERGENCY CLAUSE REQUIREMENT

Given the range of the fiscal estimates, pursuant to s. 16.47(2) of the statutes, Senate Bill 143 should have an emergency clause attached to allow its passage prior to adoption of the 1999-01 biennial budget by the Legislature.

MO# SA1

1	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
2	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 16 NO 0 ABS _____

MO# Final passage w/ emer. clause

1	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
2	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 16 NO 0 ABS _____

Agenda Item I-A

DNR - Project Forester Positions

Issue

DNR wants \$525,000 from the forestry account to hire 5 four-year senior level forester positions - ostensibly to deal with storm damage issues and private forestry overload.

Recommendation

Any of the Alternatives are fine except #5, which would deny the request. Having driven through the storm in July and seeing all the trees down, I know the storm damage issues are real. Whether DNR needs senior (i.e. not entry) level staff, or if they should be 2 or 4 year project positions I don't know. I also don't know if the workload associated with private forestry matters is really so overwhelming. FB points out that DNR didn't request any of these positions in the budget, yet JFC gave them a number of new positions already anyway.

I would defer to Decker and Gard on this one.



Legislative Fiscal Bureau

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

September 16, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Requests Related to Project Forester Positions--
Agenda Item I-A

REQUEST

The Department of Natural Resources (DNR) requests \$232,700 in 1999-00 and \$291,500 in 2000-01 and 5.0, four-year project forester positions from the forestry account of the conservation fund for work related to storm damage and private forestry.

BACKGROUND

The main source of revenue to the forestry account of the conservation fund is the forestry mill tax. Article VIII, Section 10, of the Wisconsin Constitution allows the state to appropriate moneys for the purpose of acquiring, preserving and developing the forests of the state through a tax on property not to exceed 0.2 mill (20¢ per \$1,000 of property value). The rate of the mill tax, which is established in statute, was set at 0.2 mill in 1937 and has not been changed since. The tax is collected with other property taxes on a calendar-year basis and is calculated by using each county's total equalized property value, as determined by the Department of Revenue, for the previous year. For 1998-99, the tax generated \$46.6 million.

Other sources of revenue to the forestry account include: (a) revenues from the sale of timber on state forest lands; (b) revenues from the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; (d) severance and withdrawal payments from timber harvests on cooperatively-managed county forests and on privately-owned land entered under the forest crop land and managed forest land programs; and (e) a portion of the revenue from the sale of

the conservation patron licenses, to reflect the fact that license holders are granted admission to state forests at no additional charge as part of the license.

Forestry account revenues are used to fund several forestry programs and related administrative activities in DNR. These include: (a) operation of state forest and nursery properties; (b) forest management assistance for private landowners and county foresters; (c) aid payments under forest tax law programs; (d) county forest acreage payments and loans; and (e) forest fire control activities. Forestry account revenues are also used to fund programs in other state agencies, such as the gypsy moth program in the Department of Agriculture, Trade and Consumer Protection and some administrative and worker salary costs of the Wisconsin Conservation Corps.

Currently, the Department has approximately 165 permanent forester positions.

ANALYSIS

Under the actions to date of the Committee of Conference on Assembly Bill 133 (the 1999-01 biennial budget), the balance of the forestry account is estimated to be between approximately \$1.0 to \$3.0 million at the end of the 1999-01 biennium. The only issue related to expenditures from the forestry account that has not yet been addressed by the conference committee is the level of stewardship debt service to be paid from the account. The Joint Finance version of the budget would appropriate \$2 million annually on an ongoing basis from the account for stewardship debt service. The Assembly version of the budget would appropriate an additional \$1.0 million annually from the account for these purposes, resulting in a balance of \$1.0 million at the end of the biennium. The Senate version would appropriate no additional funding for these purposes and specify that the funding appropriated by Joint Finance would be on a one-time basis only. The Joint Finance or Senate provisions would result in a \$3.0 million June 30, 2001, balance.

In June of 1998, a windstorm damaged approximately 100,000 acres of forest in Jackson, LaCrosse, Monroe and Trempealeau Counties. The estimated value of the damaged timber, which was mostly in private, non-industrial ownership, was approximately \$45 million. In July of 1999, a severe windstorm hit Bayfield, Douglas, Oneida and Vilas Counties, damaging approximately 115,000 acres of forest land. The damage in Bayfield and Douglas Counties affected approximately \$15 million worth of timber, which was in a mix of public, private and industrial ownership. In Oneida and Vilas Counties, about \$2.5 million in timber was damaged, most of which was publicly-owned.

The Department identified three main concerns with the forest resources as a result of the storm damage: (a) the loss of the timber value, which generally cannot be salvaged more than one year after a storm; (b) increased fire hazard from downed timber; and (c) increased risk of harmful insects, fungi and other pathogens. Part of the proposed workload of the requested project forester positions is related to these issues. To deal with the potential loss of timber value, the additional foresters would perform such tasks as providing technical assistance to landowners relating to

salvaging damaged timber, working with the forest industry to respond to salvage needs and identifying markets for the salvaged products. The foresters would also work with federal and local agencies responsible for fire suppression in areas of high fire hazard and with private landowners to minimize the risk of forest fires. Surveys of insects and disease in damaged and adjacent areas would also be conducted, and assistance would be given to landowners to assess whether and how to treat any infestations that do occur.

DNR indicates that once the workload from the storm damage has been addressed, the project positions would undertake other activities related to private forestry assistance. The Department indicates that there is a growing backlog of requests for assistance from private landowners, which has been exacerbated in those areas affected by the recent storms. However, the Department was unable to provide any indicators of the magnitude of any backlog.

Neither the Department nor the Governor included any additional forester positions in the 1999-01 budget requests to address the ongoing backlog related to private forestry activities identified by the Department as part of this request. Thus, it could be argued that any additional private forestry staffing not related to the recent storms could not appropriately be considered an emergency. To reflect this, the Committee could choose to authorize two-year, rather than four-year, project positions. This would give the Department only the additional staffing needed within the time frame they would most effectively be able to deal with storm-related damage and any private forestry assistance related to the storms.

Since the storm that affected western Wisconsin happened over one year ago, it may be inappropriate to consider that as an emergency at this time. Given that the storm occurred at the time the Department was preparing its 1999-01 biennial budget request, the Department could have requested the necessary positions there, or alternatively recommended to the Governor that additional staffing be included in the Governor's budget. The Committee could thus choose to approve only three project positions to focus on the storm damage in northern Wisconsin, where there is more opportunity to recover the marketable value of the timber. The Committee would again have the option of approving two-year or four-year project positions.

The 1999-01 biennial budget, through the actions of the Committee of Conference to date, contains \$161,300 in 1999-00 and \$215,000 in 2000-01 and 5.0 permanent forester positions. Further, \$150,000 in each year of the biennium is provided for contracts with private foresters to prepare management plans for entry of private forest land into the Managed Forest Land program. While additional foresters were not identified in DNR's budget request or the Governor's recommendations, the Joint Committee on Finance added the five staff and the contract funding to address forestry workload. It could be argued that these resources would be a sufficient addition to the forestry program to be able to handle the damage from both storms in the short-term and then focus on the private forestry workload in the future. The Department, however, indicates that the private forestry workload is such that the five permanent foresters alone would not be sufficient to cover the backlog and handle storm damage issues as well.

The positions provided in the budget are specified as entry-level foresters. The Department intends to put them through a standard training and mentoring program before they are assigned to a permanent station. DNR requested that the project positions in this request be senior forester positions, so that they would hire experienced foresters to undertake the forestry workload avoiding the initial training period. The Department anticipates filling the project positions from a standard announcement, which could expedite the hiring process. As an alternative, the Committee could choose to provide the project positions as entry-level, in which case the Department could assign existing senior forester staff to handle the immediate storm damage issues (a savings of \$147,900 for the biennium if 5.0 positions were approved).

ALTERNATIVES

1. Approve the Department's request to provide \$232,700 in 1999-00 and \$291,500 in 2000-01 and 5.0 project forester-senior positions from the forestry account of the conservation fund. Specify that the positions be:

- a. four-year project positions.
- b. two-year project positions.

2. Provide \$139,600 in 1999-00 and \$174,900 in 2000-01 and 3.0 project forester-senior positions from the forestry account. Specify that the positions be:

- a. four-year project positions.
- b. two-year project positions.

3. Provide \$161,300 in 1999-00 and \$215,000 in 2000-01 and 5.0 project forester (entry-level) positions from the forestry account. Specify that the positions be:

- a. four-year project positions.
- b. two-year project positions.

4. Provide \$96,800 in 1999-00 and \$129,000 in 2000-01 and 3.0 project forester (entry-level) positions from the forestry account. Specify that the positions be:

- a. four-year project positions.
- b. two-year project positions.

5. Deny the request.

MO#	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY	AVE	NO	ABS
	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			

Prepared by: Russ Kava

Agenda Item I-B

DNR - Endangered Species Damage Payments

Issue

DNR wants \$73,000 GPR from the JFC account to pay landowners, etc., for damage done by endangered species. Most of the money is going to two deer farms where wolves killed some of their "trophy" bucks and other deer.

Recommendation

Alternative 2. This would allow DNR to quickly cover current damage claims (not anticipated ones). If they need more funding later they can come back to the committee, but FB seems to make the case that they could also use existing GPR or SEG appropriations to make these potential future damage payments.

Side note: if DNR expects damage payments to increase significantly in coming years due to the growing wolf population, etc., maybe they should promulgate administrative rules to govern this reimbursement effort. FB says they don't have any rules right now (see 1st sentence of 2nd paragraph in Analysis section on page 2).



Legislative Fiscal Bureau

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

September 16, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 13.10 Request Related to Endangered Species Damage Payments--Agenda Item I-B

REQUEST

The Department of Natural Resources (DNR) requests a transfer of \$73,000 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation to its endangered resources general program operations appropriation to allow the Department to make payments for damages related to endangered species.

BACKGROUND

Staff in the Bureau of Endangered Resources coordinate research, survey and habitat projects and manage state natural areas. Examples of these projects include implementing a habitat conservation plan for the Karner Blue butterfly, devising a timber wolf management plan for the state, and monitoring nesting boxes for peregrine falcons. The main state sources of funding for the Bureau are GPR and the endangered resources account of the conservation fund.

Revenue to the endangered resources account comes primarily from: (a) a voluntary income tax check-off program under which individual income taxpayers can donate a portion of their tax refund or, if taxes are due, include an additional amount with their tax payment for the endangered resources program; and (b) a \$25 fee required for those who choose to purchase the endangered resources license plate. In addition, all revenue collected from the sale of resident wild ginseng harvest and Class A resident wild ginseng dealer licenses, timber sales from natural area properties and investment income on the account balance is deposited to the endangered resources account.

The Department is also appropriated GPR funding, the largest of which is a GPR sum sufficient appropriation to match funding received from the check-off, up to \$500,000, which is used for the purposes of the endangered resources program.

Although the agency may expend all monies it receives from the endangered resources tax check-off, the statutes require that 3% of this amount in any fiscal year, not to exceed \$100,000, be allocated for endangered wildlife damage control and payments of claims for damage associated with endangered species. Over the past decade, the amount available under this provision has ranged from \$15,000 to \$20,000 annually. During that same time, the amount paid out for wildlife damage purposes has ranged from \$400 to \$20,000.

The 1999-01 biennial budget, through the actions of the Committee of Conference to date, includes a provision to allocate 3% of the amount generated by the endangered resources plate in each fiscal year for wildlife damage control and payment of claims for endangered species damage. The total amount required to be allocated for wildlife damage purposes from both the check-off and the plate could not exceed \$100,000.

ANALYSIS

In 1999-00, the 3% amount generated from the endangered resources check-off for wildlife damage purposes will be \$18,100. Estimated funding from the license plate revenue provision included in the biennial budget will be \$19,500. In total, if the license plate provision becomes law, at least \$37,600 annually will be available for endangered species-related wildlife damage purposes.

The Department has no administrative rules for its endangered resources damage program. DNR practice has generally been to pay 100% of verifiable claims. To date, the Department has received claims totaling approximately \$66,000. Further, DNR estimates that an additional \$44,000 in claims and abatement cost reimbursement will be requested during the remainder of the fiscal year. However, as noted, claims have not exceeded \$20,000 in any other year. The Department expects that the \$111,000 in estimated expenditures for 1999-00 will be an anomaly. One claim of \$48,000 makes up nearly 73% of the total amount of payable claims to date. An additional claim of \$49,350 was negotiated to a settled payment of \$7,250. The Department anticipates that the other claim will not be able to be negotiated to a lesser amount, given the extensive records maintained by the claimant. These two claims both came from deer farms which experienced a relatively lengthy period of time dealing with problematic wolves near captive deer. The \$48,000 claim is for 19 deer including several trophy bucks and associated costs (lost fees and lodging revenue) related to captive big-game hunting packages. Efforts to capture the wolf were unsuccessful and the time required by DNR to get federal approval to destroy the wolves exacerbated the damage problems. While the Department indicates that the 1999-00 claims figures are an anomaly from the pattern of less than \$20,000 in annual claims, the increasing wolf population makes it likely that damage claims will increase in the future as well.

In response to concerns raised by farmers during consideration of the Department's timber wolf management plan at its August meeting, the Natural Resources Board directed the DNR Secretary to seek additional funding for full payment of current and future damage claims related to wolves. GPR funding had been used in the 1980s to supplement the general wildlife damage claims and abatement program, which provides payments for damage related to deer, bear, geese and turkey, when dedicated funding sources (primarily the wildlife damage surcharge) were insufficient to cover claims and abatement costs. In 1991 the bonus deer permit was created with revenues dedicated to the wildlife damage program. Segregated revenues have fully funded the program since that time.

The request from the Department is based both on claims already received as well as anticipated claims. Given the uncertainty of the claim estimates, the Committee could instead choose at this time to transfer only the additional amount (\$28,400) needed to pay claims received to date. The Department could then seek any additional funding needed through s. 13.10 or separate legislation once the claims numbers are finalized.

However, given that a dedicated funding source has been established for these payments, it could be argued that segregated revenue is the most appropriate funding source for the claims payments. DNR budget staff indicate that the Land Division considered making the necessary claims payments out of base level segregated funding, but were advised that the 3% provision on check-off revenue for these purposes was binding and that any spending above this level may be contrary to legislative intent.

The relevant provision states that three percent of the monies from the income tax check-off in each fiscal year, but not to exceed \$100,000, shall be allocated for wildlife damage control and payment of claims for damage associated with endangered or threatened species. While not specified, DNR has read this provision to mean the "lesser of" the 3% calculation or \$100,000. However, even under this reading, the provision only relates to the check-off and is silent as to other revenues deposited in the appropriation. The general appropriation language states that all moneys received from the check-off, license plate, timber sales and other revenues deposited to the appropriation may be used for the endangered resources program, which statutorily includes the damage program. Therefore, license plate, timber sales and other revenues can be used for damage payments beyond the specified limit of the tax check-off. The Department could allocate available segregated revenues from the appropriation to fully fund the endangered resources damage program. It should be noted that the 1999-01 budget bill provision would limit damage payments from the tax check-off (including a proposed corporate check-off) and license plate revenues to 3% or \$100,000 annually. If the intent is to make the 3% provision a minimum allocation (with \$100,000 as the maximum) the phrase "at least" 3% could be added to clarify the statute.

Under current law, the Department could thus expend whatever amount of segregated revenues it felt appropriate for damage payments in 1999-00. This would allow the Department to pay those claims already received and allow for the payment of anticipated claims during the

remainder of the fiscal year. The balance of the endangered resources account on July 1, 2001, is estimated to be \$450,000. The Department could reallocate base funding to make the payments or seek additional expenditure authority to make the payments through allotments approved by DOA.

Further, the sum sufficient GPR tax-check-off match appropriation may be used "for the purposes of the endangered resources program," which is statutorily defined to include endangered species-related wildlife damage. If the request is not approved, the Department would also have the option of using the GPR appropriation to fund any damage payments.

ALTERNATIVES

1. Approve the Department's request to transfer \$73,000 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation to its endangered resources general program operations appropriation to allow the Department to make payments for damages related to endangered species.

2. Transfer \$28,400 GPR in 1999-00 from the Joint Committee on Finance's supplemental appropriation to its endangered resources general program operations appropriation to allow the Department to make payments to cover current damage claims related to endangered species.

3. Deny the request (DNR could utilize existing GPR or SEG appropriations to make damage payments).

Prepared by: Russ Kava

MO# Alt. 2

1	BURKE	<input checked="" type="radio"/>	<input type="radio"/>	A
	DECKER	<input type="radio"/>	<input checked="" type="radio"/>	A
	JAUCH	<input checked="" type="radio"/>	<input type="radio"/>	A
	MOORE	<input checked="" type="radio"/>	<input type="radio"/>	A
	SHIBILSKI	<input checked="" type="radio"/>	<input type="radio"/>	A
	PLACHE	<input checked="" type="radio"/>	<input type="radio"/>	A
	COWLES	<input type="radio"/>	<input checked="" type="radio"/>	A
	PANZER	<input type="radio"/>	<input checked="" type="radio"/>	A
2	GARD	<input type="radio"/>	<input checked="" type="radio"/>	A
	PORTER	<input type="radio"/>	<input checked="" type="radio"/>	A
	KAUFERT	<input type="radio"/>	<input checked="" type="radio"/>	A
	ALBERS	<input type="radio"/>	<input checked="" type="radio"/>	A
	DUFF	<input type="radio"/>	<input checked="" type="radio"/>	A
	WARD	<input type="radio"/>	<input checked="" type="radio"/>	A
	HUBER	<input type="radio"/>	<input checked="" type="radio"/>	A
	RILEY	<input type="radio"/>	<input checked="" type="radio"/>	A

AYE 5 NO 11 ABS _____

MO# Alt. 3

1	BURKE	<input checked="" type="radio"/>	<input type="radio"/>	A
	DECKER	<input checked="" type="radio"/>	<input type="radio"/>	A
	JAUCH	<input checked="" type="radio"/>	<input type="radio"/>	A
	MOORE	<input checked="" type="radio"/>	<input type="radio"/>	A
	SHIBILSKI	<input type="radio"/>	<input checked="" type="radio"/>	A
	PLACHE	<input checked="" type="radio"/>	<input type="radio"/>	A
	COWLES	<input checked="" type="radio"/>	<input type="radio"/>	A
	PANZER	<input checked="" type="radio"/>	<input type="radio"/>	A
2	GARD	<input checked="" type="radio"/>	<input type="radio"/>	A
	PORTER	<input checked="" type="radio"/>	<input type="radio"/>	A
	KAUFERT	<input checked="" type="radio"/>	<input type="radio"/>	A
	ALBERS	<input checked="" type="radio"/>	<input type="radio"/>	A
	DUFF	<input checked="" type="radio"/>	<input type="radio"/>	A
	WARD	<input checked="" type="radio"/>	<input type="radio"/>	A
	HUBER	<input checked="" type="radio"/>	<input type="radio"/>	A
	RILEY	<input checked="" type="radio"/>	<input type="radio"/>	A

AYE 15 NO 1 ABS _____

Agenda Item I-C

DNR - Bureau of Facilities and Lands Authority

Issue

DNR wants PR position authority for a half-time data coordinator and a half-time info systems liaison.

Recommendation

Rumor has it, Albers objected to this passive review request because her father's farm is allegedly mapped incorrectly by DNR and she wants them to correct it. That's really important public policy.

Alternative 1. Give them what they asked for. I suppose it would be better to deal with staffing levels for the Bureau during the normal budget process. But special needs like this do arise from time to time and we should just approve this request. It probably shouldn't have been objected to in the first place.

Prepared by Barry



Legislative Fiscal Bureau

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

September 16, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Section 16.505(2) Request for Bureau of Facilities and Lands
Position Authority -- Agenda Item I-C

REQUEST

The Department of Natural Resources (DNR) requests additional position authority for a 0.5 PR data coordinator position and a 0.5 PR information systems program area liaison position in the Bureau of Facilities and Lands.

BACKGROUND

On April 9, 1999, a request was submitted under s. 16.505(2) to the Joint Committee on Finance from the Department of Administration (DOA), recommending the increase in PR position authority in DNR. The Co-Chairs of the Committee, in a letter to the Secretary of DOA on April 29, 1999, indicated that an objection had been raised to this request and that the Committee would schedule a meeting to consider the matter.

The position authority is requested in the general operations service funds appropriation in the Land Division. The appropriation receives funds through charges to the bureaus in the Division (wildlife management, forestry, parks, endangered resources and facilities and lands) and from other agencies for facilities, materials or services provided relating to resource management under an arrangement to pay for expenses associated with those facilities, materials or services. The bureaus pay the charges from various appropriations including the use of GPR, conservation fund SEG, federal funds and other funding sources.

The Bureau of Enterprise Information, Technology and Applications (BEITA) in DNR provides information management consulting, systems development and computer processing on a departmentwide basis. This may include development of new applications, maintaining existing applications, development and support of departmentwide geographic information systems (GIS), training and support services for general computer usage and overall maintenance of the Department's statewide network. Individual bureaus within DNR may contract with BEITA for computer work, or may conduct the work within the Bureau if the particular application requires specialized knowledge more specific to the Bureau's functions. A total of 106.9 positions are authorized in BEITA.

The responsibilities of the Bureau of Facilities and Lands include managing and maintaining the Department's administrative facilities, planning and implementing the agency's land acquisition program and capital development budget, maintaining land records and directing the payment of aids in lieu of taxes to affected local governments. Civil engineering, construction activities and contract management for environmental remediation on Department properties are also undertaken by this Bureau. A total of 88.7 positions are authorized in Facilities and Lands.

ANALYSIS

Expenditures of \$49,800 annually (approximately \$25,000 for 1999-00) are identified in the request to support 1.0 newly authorized position. However, no expenditure authority is recommended by DOA. This is because the appropriation is a continuing PR appropriation (where all moneys received are available for expenditure) and additional expenditure authority could be obtained through allotments approved by DOA. Further, DNR may be able to reallocate some LTE funding to support the permanent staff requested. Also, once the positions are filled, the Division would charge other Bureaus (primarily Facilities and Lands) for work done by the positions, thus generating revenue to cover position costs.

The 0.5 data coordinator position would facilitate the development and use of data for the Bureau of Facilities and Lands. Duties of the position would include developing plans for the Bureau's data and technology structure, reviewing information management policies and procedures, assist in setting priorities for information technology budget requests, coordinating staff information technology training and serving as a liaison between the Bureau and BEITA.

The Bureau of Facilities and Lands currently allocates 0.5 SEG position to data coordination services. The additional position authority was requested to meet the increased demand for such services within the Bureau. While BEITA staff provide standardized computer support for all programs within DNR, program-specific questions are generally handled by the individual bureaus in the agency. The Department indicates that current staffing in the Bureau allows for support of Bureau-specific hardware and software, but does not allow for development of information management plans or assistance in setting budget and workload priorities. Further, many of the programmatic subprograms in the Department, such as wildlife management, drinking water and groundwater, forestry and endangered resources, have at least one full position allocated to data coordination.

The 0.5 information systems program area liaison position would be assigned to the Bureau of Facilities and Lands to conduct GIS data development and map digitization. DNR is in the process of developing a public ownership data layer in its GIS system, which is anticipated to improve the master planning and property management activities of the Department.

Currently, 0.5 SEG position and LTE staffing is allocated to these purposes. The Department estimates that the GIS-related workload for the Bureau, including development and maintenance of the data layer and performing analyses from the data is approximately 600 hours per year, or 1/3 of a position. The digital cartography workload, including mapping of existing properties, updating maps as parcels are bought or sold and completing maps of newly-acquired properties, is estimated to be 1,200 hours per year, or 2/3 of a position.

It could be argued that the biennial budget bill would be a more appropriate place to consider the overall funding and staffing level for the Bureau of Facilities and Lands. DNR budget staff indicate that the information needed for the request was gathered after the Department's budget submission to the Governor was completed, and that seeking the necessary position authority under s. 16.505(2) was the next appropriate method.

If the request is not approved, the Department could either increase its use of LTE or contract staff, reallocate additional permanent staff to increase data coordination and digital cartography activities in the Bureau of Facilities and Lands or maintain the current level of service.

ALTERNATIVES

1. Approve the request for additional PR position authority for a 0.5 data coordinator position and a 0.5 information systems program area liaison position in DNR's Bureau of Facilities and Lands.
2. Approve only the 0.5 PR data coordinator position.
3. Approve only the 0.5 PR information systems program area liaison position.
4. Deny the request.

Prepared by: Russ Kava

MO#	Act. 1															AVE	15	NO	ABS	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15					16
	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY				
	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

NATURAL RESOURCES

Bureau of Facilities and Lands Position Authority
Agenda Item I-C

Motion:

Direct DNR and DOA to develop a written memorandum of agreement by November 15, 1999, for G.I.S. and digital maps that addresses the following:

- a. which Department controls the information that gets released; and
- b. a policy for correcting errors when information is released and errors are found.

MO#				
	BURKE	Y	<input checked="" type="radio"/> N	A
	DECKER	Y	<input checked="" type="radio"/> N	A
	JAUCH	Y	<input checked="" type="radio"/> N	A
	MOORE	<input checked="" type="radio"/> Y	N	A
	SHIBILSKI	<input checked="" type="radio"/> Y	N	A
	PLACHE	Y	<input checked="" type="radio"/> N	A
	COWLES	<input checked="" type="radio"/> Y	N	A
	PANZER	<input checked="" type="radio"/> Y	N	A
2	GARD	<input checked="" type="radio"/> Y	N	A
	PORTER	<input checked="" type="radio"/> Y	N	A
	KAUFERT	<input checked="" type="radio"/> Y	N	A
1	ALBERS	<input checked="" type="radio"/> Y	N	A
	DUFF	<input checked="" type="radio"/> Y	N	A
	WARD	<input checked="" type="radio"/> Y	N	A
	HUBER	Y	<input checked="" type="radio"/> N	A
	RILEY	Y	<input checked="" type="radio"/> N	A

AYE 10 NO 6 ABS _____

Agenda Item I-D

DNR - Stewardship Purchase of PCA land in Northern Wisconsin

Issue

DNR wants approval to use \$12.5 million from the Stewardship Fund to purchase 16,000 acres of land from PCA in northern Wisconsin. This is phase one of a two-part purchase that will ultimately require another \$12.5 million from the Stewardship Fund.

Recommendation

Alternative 1 - Approve the request

Talking Points:

- *The governor should be commended for working to make this purchase possible. Not many Republican governors would go out of their way to buy 32,000 acres.*
- *That being said, I must point out as an urban legislator representing an area in southern Wisconsin, this is yet another Stewardship Fund purchase that most of my constituents will never see - since it's 5 or 6 hours away if you have a fast car.*
- *As of last year, according to FB, not one Stewardship Fund dollar had been spent in Milwaukee County for land acquisition. \$500 was spent in Racine County, \$500,000 in Kenosha County, and \$250,000 in Ozaukee County (also, only \$300,000 spent in Brown County and \$260,000 in LaCrosse County). Buying land up north is good for Illinois tourists, but DNR and the governor need to start buying open space and recreational lands closer to the state's major population centers.*
- *Why aren't we taking advantage of available funds managed by the Board of Commissioners of Public Lands and using that to supplement Stewardship funding. DNR and the Board could be Stewardship Partners and help preserve twice as much land. (see attached materials on this issue)*

MO#

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE _____ NO _____ ABS _____



Legislative Fiscal Bureau

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

September 16, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Stewardship Purchase from Packaging Corporation of America in Iron, Lincoln, Oneida and Vilas Counties--Agenda Item I-D

REQUEST

The Department of Natural Resources (DNR) requests approval to purchase 15,960 acres of land from Packaging Corporation of America (PCA) for \$12.5 million from the Warren Knowles-Gaylord Nelson stewardship program. The proposed purchase would be the first phase of a total purchase of 32,003 acres of land from PCA for \$25 million using funding from the reauthorized stewardship program under the 1999-01 biennial budget bill.

BACKGROUND

Current Stewardship Program

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending this fiscal year. The law allocates funding among twelve categories of land acquisition and development programs, as indicated in Table 1.

MO#	ACT	A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
BURKE		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
DECKER		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
JAUCH		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
MOORE		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
SHIBILSKI		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
PLACHE		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
COWLES		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
PANZER		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
GARD		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
PORTER		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
KAUFERT		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
ALBERS		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
DUFF		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
WARD		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
HUBER		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A
RILEY		A	N	Y	A	N	Y	A	N	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A	Y	A	N	A

AYE 16 NO 0 ABS

TABLE 1

Annual Stewardship Bonding Authorization

<u>Program</u>	<u>Amount</u>
General Land Acquisition	\$6,700,000
General Property Development	3,500,000
Local Park Aids	2,250,000
Lower Wisconsin State Riverway	2,000,000
Urban Rivers	1,900,000
Habitat Areas	1,500,000
Natural Areas Acquisition	1,500,000
Stream Bank Protection	1,000,000
Trails	1,000,000
Urban Green Spaces	750,000
Natural Areas Heritage Program	500,000
Ice Age Trail	<u>500,000</u>
TOTAL	\$23,100,000

Five categories of the current stewardship program are proposed to be utilized for the PCA purchase:

General Land Acquisition. Funding for the acquisition of parks, forests, trails, wildlife areas and recreational areas is available in this component.

Habitat Areas. Funding in this category is authorized for the protection, enhancement and restoration of habitat areas. These areas are designated by DNR to enhance wildlife-based recreation in the state, including hunting, fishing, nature appreciation and the viewing of wildlife species.

Natural Areas Acquisition. Under this program, the Department purchases land that has educational or scientific value or is important to the state's genetic or biological diversity. These natural areas also frequently provide habitat for endangered or threatened species and may include areas with significant geological or archaeological features.

Streambank Protection. Funding is authorized to protect water quality and support fish habitat by eliminating stream degradation that may result from agricultural and urban runoff. DNR may purchase land or acquire easements from the owner of land adjacent to a stream. In addition, local units of government and nonprofit conservation organizations (NCOs) may receive grants and purchase land or easements under this component.

Ice Age Trail. Funding is authorized for the acquisition of land and the state match of private donations for the Ice Age Trail. The state may either buy Ice Age Trail properties directly or fund

up to 50 percent of the cost of purchases made by NCOs. When the trail is eventually completed, it will roughly follow the terminal moraine left when the last glacier retreated from the state some 12,000 years ago. The trail will extend 1,000 miles through 26 counties; from Potawatomi State Park in Door County, southwest to Rock and Green Counties, north to Langlade County and northwest to Interstate Park in Polk County.

Reauthorized Stewardship Program

The various versions of the budget bill (Assembly Bill 133) under consideration all contain some provisions for a reauthorized stewardship program over the next decade. The provisions relevant to the PCA purchase are summarized below.

Annual Overall Bonding Authority. The Joint Finance version of the budget would authorize \$404 million over ten years (beginning in 2000-01) for the stewardship program, of which \$310 million would be in the land acquisition subprogram. The Assembly version of the budget would authorize \$350 million over ten years, of which \$175 million would be in the land acquisition subprogram. The Senate version would authorize \$600 million over ten years, of which \$460 million would be in the land acquisition subprogram.

Transfer of Funding Between Fiscal Years. The Joint Finance, Assembly and Senate versions of the budget all include a provision that would allow DNR to obligate, in a given fiscal year, up to an additional 100% of the annual bonding authority for that subprogram for that given fiscal year for a project or activity if the Natural Resources Board determines that all of the following conditions apply: (a) that moneys appropriated for that subprogram to the Department do not provide sufficient funding for the project or activity; (b) that any land involved in the project or activity covers a large area or the land is uniquely valuable in conserving the natural resources of the state; and (c) that delaying or deferring all or part of the cost to a subsequent fiscal year is not reasonably possible. DNR must then adjust the annual bonding authority for that subprogram by lowering the annual bonding authority for the next fiscal year by an amount equal to that which was borrowed forward.

In addition, both the Assembly and Senate versions of the budget would allow the Department, beginning this fiscal year (1999-00), to obligate any amount not in excess of the total bonding authority for the land acquisition subprogram under the reauthorized stewardship program for advanced funding of land purchases. To utilize this funding, DNR would be required to sell a portion of the acquired land. All proceeds from the sale of the land up to the amount obligated would be deposited in a program revenue appropriation in DNR for the payment of principal and interest costs incurred in financing the acquisition of land under these provisions. All proceeds in excess of the amount originally obligated would be deposited into the general fund.

For bonds that are retired from the proceeds of the sale of the acquired land within three years after the date that the land was acquired by the Department, DNR would adjust the available bonding authority for the subprogram for land acquisition by increasing the available bonding authority for the fiscal year in which the bonds are retired by an amount equal to the total amount of

the bonds issued for the sale that have been retired in that fiscal year. For bonds that are not retired from the proceeds of the sale of the acquired land within three years after the date that the land was acquired by the Department, DNR would adjust the available bonding authority for the subprogram for land acquisition by decreasing the available bonding authority for the next fiscal year beginning after the end of that three-year period by an amount equal to the total amount of the bonds that have not been retired from such proceeds in that fiscal year and, if necessary, shall decrease for each subsequent fiscal year the available bonding authority in an amount equal to that available bonding authority or equal to the amount still needed to equal the total amount of the bonds not retired from such proceeds, whichever is less, until the available bonding authority has been decreased by an amount equal to the total of the bonds not retired.

Joint Finance Review

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed encumbrance or expenditure. If the Co-chairpersons do not notify DNR within 14 working days after the Department's notification that a meeting has been scheduled to review the request, DNR may make the encumbrance or expenditure. If an objection to the project is made, then the Co-chairpersons schedule a meeting to consider the request. DNR may make the proposed expenditure only with Committee approval.

Under the provisions of all the legislative versions of the 1999-2001 budget, a similar review process is established for stewardship obligations of more than \$250,000 and for stewardship purchases utilizing future program funding beyond an additional one-year allocation of bonding authority for land acquisition.

DNR notification of the PCA purchase was received by the Co-chairpersons on August 26, 1999. On September 2, 1999, the Co-chairpersons notified the Department that a meeting would be scheduled to review the request.

Proposed PCA Purchase

The total proposed purchase involves 31,079 acres of land that would be purchased in fee title, 814 acres on which a scenic easement would be purchased and 110 acres on which a trail easement would be purchased. Land would be purchased for 13 currently-established Department projects, and two new projects (Menard Island Resource Area in Lincoln and Oneida Counties and Woodboro Lakes Wildlife Area in Oneida County) would be established for land acquired in the proposed purchase. The proposed PCA purchase encompasses 42 miles of river and stream frontage and all or part of 20 lakes with 6.3 miles of lake frontage.

The Department indicates the proposed transaction would be completed in two phases. On or before September 20, 1999, the Department would complete approximately half of the proposed purchase at a price of \$12.5 million. The properties for which the state would assume ownership in the first phase, based on the most recent information provided by DNR, are shown in Table 2.

TABLE 2

Phase 1 of Proposed PCA Purchase

<u>Project</u>	<u>Acres</u>
Willow Flowage	7,428
Woodboro Lakes Wildlife Area	2,487
Ice Age Trail/Bearskin-Hiawatha State Trail	2,111
Menard Island Resource Area	1,756
Statewide Natural Area -- Squirrel River	878
Statewide Natural Area -- Caroline Lake	518
Moose Lake Natural Area	457
Statewide Natural Area -- Springstead Creek	200
Statewide Natural Area -- Bass Lake Preserve	<u>125</u>
TOTAL	15,960

The remainder of the purchase, which is summarized by project in Table 3, is proposed for purchase for \$12.5 million on or before November 15, 1999 (assuming passage of the state budget and necessary approvals are obtained).

TABLE 3

Phase 2 of Proposed PCA Purchase

<u>Project</u>	<u>Acres</u>
Turtle Flambeau Flowage	7,924
Scattered Forest Lands	6,971
Roe Lake Wildlife Habitat	500
Statewide Public Access -- Rice River Flowage	327
Northern Highland-American Legion State Forest	<u>321</u>
TOTAL	16,043

The Department anticipates reselling or exchanging the scattered forest land acreage in the second phase of the purchase to counties or tribes. Approximately 4,700 acres are within county forest boundaries in the four counties and 2,100 acres are within the boundaries of the Lac du Flambeau Reservation in Iron and Vilas Counties and the Bad River Reservation in Iron County. Agency officials indicate a resale strategy has not been finalized but it is expected that the properties would be offered for sale to the county or tribe based on an appraisal of the fair market value.

The Department proposes to use funding from five categories of the current stewardship program to complete Phase 1 of the PCA purchase as shown in Table 4. To complete Phase 2 of the purchase, the Department anticipates utilizing the ability to borrow ahead from the total bonding available for land acquisition under a reauthorized program for the \$12.5 million needed. In addition, the Department proposes to utilize an additional \$12.5 million from the reauthorized program to reimburse the bonding used from the five categories of the current program.

Two appraisals on the property were done in August of 1999. One completed by a DNR staff appraiser, valued the property at \$25.0 million. The highest and best use of the property was determined to be for recreation and forestry purposes. The land being purchased in fee was estimated to be worth \$800 per acre, while the land for which a trail easement is being acquired was valued at \$720 per acre and the land for which a scenic easement is being acquired was valued at \$80 per acre. A second appraisal, done by a private company, set the value of the property at \$25.5 million.

The Natural Resources Board approved the PCA purchase and the establishment of the two new Department projects on August 25, 1999, on a 6-0 vote. DNR staff indicate that the Board will be asked to affirm the second closing after passage of the state budget.

The proposed purchase is part of a larger sale being completed by PCA. The state originally placed a bid of \$65 million to buy the entire 161,000 acres of land being sold. The intent of the state was to keep between 25,000 and 35,000 acres and resell the remainder. However, the state was reportedly outbid by two parties. Thereafter, PCA agreed to allow the state to bid again on those parcels that were deemed most valuable, which resulted in the currently-proposed purchase.

ANALYSIS

Stewardship Funding

Given that the statutory framework does not exist for any reauthorized stewardship program, the Committee would not have the authority to approve any use of funds from the proposed program. However, approving the use of funding from the current stewardship program may create an expectation that the use of funding from a new program will be approved. The Department has indicated that a formal request will be made to Joint Finance before Phase 2 of the purchase is complete.

The Department proposes to use funding in five of seven stewardship state land acquisition categories for interim funding of Phase 1 of the PCA purchase (the trails and Lower Wisconsin Riverway categories are not identified). The unobligated balance in those categories as of July 1, 1999, and the amount proposed to be used from each of those categories is shown in Table 4. While the general land acquisition component could be overcommitted by \$550,000 in the interim, DNR would have the authority to allocate that amount to other categories based on the

appropriateness of the purchase to those categories if it became necessary to maintain a positive balance.

TABLE 4

**Stewardship Categories Utilized in Phase 1
(\$ in millions)**

<u>Category</u>	<u>Unobligated Balance</u>	<u>Amount Allocated for PCA Purchase</u>	<u>Balance After PCA Purchase</u>
General Land Acquisition	\$5.45	\$6.00	-\$0.55
Habitat Areas	3.77	2.60	1.17
Natural Areas Acquisition	1.99	1.74	0.25
Streambank Protection	1.10	0.50	0.60
Ice Age Trail	<u>2.54</u>	<u>1.66</u>	<u>0.88</u>
Total	\$14.85	\$12.50	\$2.35

Completion of Phase 2 of the PCA purchase depends on the passage of a new stewardship program with sufficient funding and certain provisions. It could be argued that it is inappropriate for DNR to be negotiating acquisitions before the Legislature has enacted the new program. However, these concerns may be lessened by the magnitude and timing of the purchase and the fact that most versions of the budget currently under consideration contain the necessary provisions to complete the purchase. If the necessary provisions are not enacted into law by the time of the second closing on or near November 15, the Department would be dependent on the seller's goodwill to extend the purchase option. If the stewardship program is not reauthorized with the necessary provisions to complete the PCA purchase, it would essentially end or sharply limit stewardship activity in those categories used in the interim to complete Phase 1 of the purchase.

In the short term, the Department indicates that, given the relative complexity of the funding stream involved in the proposed PCA purchase, most of the closings on other land purchases throughout the state will be postponed at least until passage of the 1999-01 budget to ensure that bonding is available to fund them. The Department indicates that, despite the relatively high cost of the proposed PCA purchase, land acquisition efforts in other parts of the state will not be harmed in the long term. Given the ability under the currently-proposed versions of the reauthorized stewardship program to borrow ahead from future fiscal years and to restore bonding from the proceeds from the resale of land, DNR staff indicate they would use these provisions to ensure a relatively steady allocation of funds for land acquisition efforts to compensate for the relatively large amount of funding that would be utilized up front. While this would help compensate for the short term and through most of the lifetime of the reauthorized program, this could create difficulties in the last years of the program if land acquisition bonding that would otherwise be available for the final years would have been already allocated to previous fiscal years to compensate for the PCA or other large purchases.

Regardless of the size of the reauthorized stewardship program, however, there is still a limited amount of funding that will be available for land acquisition. The use of \$25 million in stewardship bonding for the PCA purchase inevitably means that the funding will not be available for other acquisitions throughout the state. While it is unclear which projects or areas of the state would receive more funding in the absence of the PCA purchase, the relative importance of the proposed purchase should be considered relative to other state acquisition priorities.

Purchase Issues

Given the relatively low per acre cost of land being purchased by the state from PCA in fee title (about \$800 per acre), it could be argued that the buying power of stewardship is being effectively maximized in terms of acres acquired and landscape preserved. Such purchases maintain relatively larger areas of land under state control as development spreads into new areas of the state. Further, it is argued that whole plant and animal communities are more adequately protected for future generations through purchase of larger blocks of forested land and water frontage.

On the other hand, under administrative rule, DNR places principal emphasis on the acquisition of lands in the more heavily populated areas of the state and in places readily accessible to such areas. It could be argued that stewardship funding is best leveraged when used to purchase land that is under more immediate threat of being developed, rather than land in more slowly urbanizing areas that is more likely to remain in a less-developed state.

Another issue to be considered is the control of land in the state by DNR and other public entities at the expense of local property owners. As of July 1, 1999, DNR controlled a total of 1,334,390 acres of land, which represented 3.8% of the state's land area (34.8 million acres). While no centralized source of information on public land ownership exists, an estimated 5.6 million acres of land (16% of the state's land area) is owned by federal, state and local governments for conservation and recreational purposes.

Parts of the PCA purchase will involve adding land to those projects for which the Department already has over 100% of its stated acquisition goal. For the Bearskin-Hiawatha Trail, for which DNR has acquired 117% of the acreage goal, the Department would acquire a trail easement for three miles within the trail corridor to provide a link between two segments of the trail in which the Department does not have clear title to land for the trail. For the Willow Flowage, in which DNR has acquired 101% of the acreage goal, land would be acquired to provide a larger buffer around the flowage or to make the border of the property contiguous with other features, such as roads or county forest land. Land from the proposed PCA purchase would nearly double the size of the Willow Flowage project.

The project boundary for the Willow Flowage was initially set in 1997 based on the acreage that was being purchased by the state at the time. Prior to the acquisition, the Department did not have a project boundary for the property. The Department indicates that the project boundary

would likely have been redrawn under the master planning process currently underway for the flowage to include much of the proposed additional land that would be acquired from the PCA purchase, given the benefits of the proposed acquisition for management of the property. Also, a similar situation is present with respect to Menard Island Resource Area and Woodboro Lakes Wildlife Area, in that the Department is purchasing land for projects for which it has no project boundaries. Again, DNR has initially set acreage goals equal to the proposed purchase, with project boundaries ultimately to be determined in the future through the planning process.

In addition, most of the 161,000 acres being offered for sale by PCA are used for industrial forest purposes and enrolled in a forest tax law program. Under such programs, most land must remain open to recreational uses. The Department indicates that most of the approximately 130,000 acres being sold by PCA to a private entity will likely remain in industrial forest production and is thus likely to remain in the forest tax law program. Thus, it could be argued that much of this land may remain open to recreational use in the absence of state ownership.

Others argue that state ownership is the only way to guarantee public access for the long term, particularly since development pressures for waterfront and recreational lands are rapidly increasing in northern Wisconsin. Further, even if the land remains in the forest tax law program, that status would not help to consolidate state ownership and would limit integrated management of the properties affected by the proposed purchase. Also, the Department indicates that waterfront property, which is given acquisition priority under administrative code, tends to be less valuable from an industrial forest perspective and is generally most valuable if sold for residential or recreational development. Therefore, these properties may be less likely to remain enrolled in forest tax law programs.

Another factor the Committee may wish to consider is the pressure on the Department's operating budget created by large acquisitions. As more land comes under state control, DNR must assume a greater role in the management, operation and maintenance of the land. This can result in either pressure to provide additional expenditure and position authority to the Department or to reallocate base resources to manage new properties. The 1999-01 biennial budget, for example, currently includes \$200,000 in 1999-00 and \$100,000 in 2000-01 from the conservation fund for operations and maintenance on newly-acquired DNR properties. While the Department had requested a higher level of funding as well as additional position authority (including a property manager for the Willow Flowage), only a portion of that request was included in the Governor's budget recommendation.

Fiscal Effect

Currently, the Department estimates that most of the land owned by PCA is enrolled in forest tax law programs. Land enrolled in forest tax law programs are exempt from property taxes; instead, landowners make per acre payments to the towns based on when land was enrolled in the program. Under forest tax law provisions, PCA currently pays towns an estimated \$240,000 annually on the land DNR is proposing to purchase. In addition, the state pays towns 20 cents per acre enrolled in forest tax law programs from the forestry account of the conservation fund, which

equals approximately \$6,400 on the PCA land. Of these payments, 20% is remitted to counties, while the town retains the remainder.

If the land is acquired, these forest tax law payments would stop. Instead, DNR would pay aids in lieu of property taxes on the land to towns in an amount equal to the tax that would be due on the property if it were assessed at the time it was purchased, adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The municipality that receives the payment from DNR pays each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy. Aids in lieu payments are made from a sum sufficient GPR appropriation. If DNR acquires all of the land proposed for purchase, a total of approximately \$435,000 GPR would be made annually. Assuming the Department resells all the land it anticipates selling to counties or tribes, the annual aids in lieu payment would decrease to approximately \$340,000 GPR.

The proposed purchase will also have an effect on other programs funded from the forestry account. Annually, the Department makes payments to each county that has more than 40,000 acres within its boundaries that are entered in a forest tax law program. The amount paid to each county is equal to the number of forest tax law acres in the county divided by the total number of forest tax law acres that are within the boundaries of counties that are eligible for payments, multiplied by the amount appropriated for these payments. Currently, \$1,250,000 is appropriated for these payments. Assuming ownership of the entire PCA purchase is taken over by the state and no other changes in forest tax law acreage are made, the four affected counties would have fewer acres entered in forest tax law programs. As a result these four counties would receive a reduced share of these payments or become ineligible for the payments, while the other 15 counties currently eligible would receive higher payments. In total, approximately \$40,300 would be shifted between counties.

This would be mitigated, however, if DNR sells some acres back to the four counties to be included as county forest lands. DNR currently pays each town 30 cents for each acre of land entered in the county forest program. Based on the land proposed to be resold to counties, the four affected counties would be expected to receive an additional \$1,400 in total under these provisions.

ALTERNATIVES

1. Approve the Department's request to purchase 15,960 acres of land from Packaging Corporation of America for \$12.5 million from the Warren Knowles-Gaylord Nelson stewardship program.
2. Deny the request.

Prepared by: Russ Kava

NATURAL RESOURCES

Stewardship Purchase
Agenda Item I-D

Motion:

Direct DNR to present any resale agreements for land related to the PCA purchase to Joint Finance under 14-day passive review. Direct any such resales to include provisions to ~~establish or~~ maintain access to private parcels that would be landlocked without an access agreement.

MO#				
	BURKE	Y	<input checked="" type="radio"/> N	A
	DECKER	Y	<input checked="" type="radio"/> N	A
	JAUCH	Y	<input checked="" type="radio"/> N	A
	MOORE	Y	<input checked="" type="radio"/> N	A
	SHIBILSKI	<input checked="" type="radio"/> Y	N	A
	PLACHE	Y	<input checked="" type="radio"/> N	A
	COWLES	Y	<input checked="" type="radio"/> N	A
	PANZER	Y	<input checked="" type="radio"/> N	A
2	GARD	Y	<input checked="" type="radio"/> N	A
	PORTER	Y	<input checked="" type="radio"/> N	A
	KAUFERT	Y	<input checked="" type="radio"/> N	A
1	ALBERS	<input checked="" type="radio"/> Y	N	A
	DUFF	<input checked="" type="radio"/> Y	N	A
	WARD	Y	<input checked="" type="radio"/> N	A
	HUBER	Y	<input checked="" type="radio"/> N	A
	RILEY	Y	<input checked="" type="radio"/> N	A

AYE 3 NO 13 ABS 0