

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

**Appointments**

99hr\_JC–Fi\_Appt\_pt00

**Committee Hearings**

99hr\_JC–Fi\_CH\_pt00

**Committee Reports**

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**Clearinghouse Rules**

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**Executive Sessions**

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**Hearing Records**

99hr\_ab0000

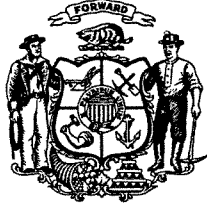
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**Misc.**

99hr\_JC–Fi\_\_Misc\_\_s.13.10\_pt08c2

**Record of Committee Proceedings**

99hr\_JC–Fi\_RCP\_pt00



# State of Wisconsin Higher Educational Aids Board

131 West Wilson Street, Madison, Wisconsin  
Post Office Box 7885 Phone: (608) 267-2206  
Madison, WI 53707-7885 Fax: (608) 267-2808  
E-Mail: HEABmail@heab.state.wi.us  
Web Page: <http://heab.state.wi.us>

**Tommy G. Thompson**  
Governor

**Jane M. Hojan-Clark**  
Executive Secretary

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August 27, 1999

Mr. Dan Caucutt  
Department of Administration  
101 East Wilson Street, 10<sup>th</sup> Floor  
Madison, WI 53702

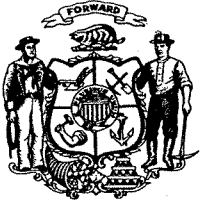
Dear Mr. Caucutt:

Enclosed are forty copies of documentation supporting a request under s.1310 by the Higher Educational Aids Board for supplemental funding in the amount of \$27,082 in GPR to appropriation s. 20.235(2)(aa). Two copies of this request have also been submitted to each of the Co-Chairs of the Joint Committee on Finance and to the Legislative Fiscal Bureau.

If you have any questions about this request or if additional information is needed, please feel free to contact me at 264.6181.

Sincerely,

  
Jane Hojan-Clark  
Executive Secretary



# State of Wisconsin Higher Educational Aids Board

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Post Office Box 7885 Phone: (608) 267-2206  
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Tommy G. Thompson  
Governor

Jane M. Hojan-Clark  
Executive Secretary

August 27, 1999

## Request for General Program Operations s. 20.235(2)(aa)

### Request

Due to an unforeseen emergency, the Higher Educational Aids Board (HEAB) requests \$27,082 in GPR for FY00. This is to provide one-time funding to cover costs associated with maintaining an essential Fiscal Affairs position while also funding the sabbatical time and other leave time accumulated by the Fiscal Affairs Financial Officer who recently decided to retire after 34 years of service to the State of Wisconsin. The recent decision by the agency's Fiscal Affairs Financial Officer to retire was unforeseen and therefore additional funding was not requested during the most recent biennial budget process.

### Background

After 34 years of service HEAB's Fiscal Affairs Financial Officer accumulated a substantial amount of sabbatical and other time. The employee's official last day of employment is scheduled for March 24, 2000. However, due to the accumulated time off, July 29, 1999 was the last day the employee was physically in the office.

The duties of the Fiscal Affairs Financial Officer are as follows:

- A. Develops, implements and administers the agency's financial management programs including:
  - budget policy, budget analysis, and budget administration.
- A1. Develops the budget document and management analysis program for HEAB pursuant to the policy directions and supervision of the Executive Secretary.
- A2. Develops rationale and justification for fiscal requests to be reviewed by the Executive Secretary and DOA's budget analyst.
- A3. Ensures the proper handling of agency transactions as to actual expenditures, encumbrances and revenues within the established budget parameters.
- A4. Plans and completes general and cost accounting policies and procedures for the agency's operational budget.
- A5. Coordinates and provides the preparation of accounting input for the biennial budget and annual reporting documents.
- A6. Provides the interface with DOA relative to operating budgets, allocations and allotments, identification of fiscal projection variances and recommendations of corrective and preventative measures.
- A7. Monitors policies and procedures in the budget administration and control of Federal and State funds.
- B. Develops and maintains external fiscal management studies and internal fiscal reviews on compilation and use of accounting and financial reports.
  - B1. Designs, maintains and revises the accounting and financial reporting systems for administrative and program accounting purposes.
  - B2. Coordinates and directs the pre-audit of vouchers, audit of receipt remittances and preparation of invoices.
  - B3. Reviews encumbrances and prepares correction transfers.
  - B4. Coordinates and directs the agency's disbursement, collection and deposit functions.

- B5. Analyzes state and federal legislation and regulations to determine the effects as to broad fiscal implications and accounting requirements.
  - B6. Coordinates the evaluation of existing and proposed Federal and State legislation to insure that its affect on agency programs is not detrimental to the public served.
  - B7. Conducts statistical and financial research and makes recommendations for improvements in program direction and emphasis.
  - B8. Organizes and implements general research for improvements in budgeting and reporting techniques.
  - B9. Reconciles agency's financial reports to the records of the Department of Administration, Bureau of Financial Operations on a monthly, quarterly and annual basis.
  - B10. Prepares annual (LEAP) program performance report.
- C. Performs accounting functions for the Wisconsin Student Loan Revenue Bond Program and the Wisconsin Health Education Loan Program using Solomon III accounting package. (NOTE: These revenue bond programs do not use the state's accounting system.)
    - C1. Prepares financial transaction entries and posts to journals and ledgers. Includes journalizing of trustee transactions, loan repayments, and required complex adjustments.
    - C2. Reconciles balances and performs procedures to correct discrepancies. This includes monthly reconciliation of trustee statements with HEAB's accounts.
    - C3. Performs monthly compliance test to insure all account balances meet bond resolution requirements. This includes interpretation of complex bond issue statements and resolutions, development and preparation of monthly spreadsheets to monitor trustee activity and steps necessary to remedy discrepancies.
    - C4. Allocates administrative cost to various agency programs using appropriate GAAP and bond resolutions. This includes determination of proper classification of expenditures, preparation of vouchers for administrative expenditures, maintenance of voucher records, and allocation of overhead to appropriate programs.
    - C5. Prepares schedules as requested by external auditors.
  - D. Provides financial, budget and audit expertise as a member of the HEAB management team.
  - D1. Provides the Executive Secretary with accounting and fiscal advice and assistance relative to program and administrative matters.
  - D2. Provides the Executive Secretary with audit expertise and makes oral and written reports of the recommendations based on audit findings of the Legislative Audit Bureau and independent auditors, when necessary.
  - D3. Prepares and interprets a wide variety of fiscal reports which affect management decisions relative to fiscal policy.

Given that the duties fulfilled by this position are essential to the operation of the agency, steps have been taken to fill the vacancy left by the retiring employee who is out of the office using the sabbatical and other time accumulated over years of service. It is projected that the position will be filled effective September 1, 1999. The \$27,082 in GPR that is being requested will fund the salary and benefits of the new employee from September 1, 1999 through March 24, 2000 at which time the retiring employee will terminate employment with HEAB.

Because HEAB operates with a small number of staff (11), it would not be possible for existing staff to absorb the duties of the Fiscal Affairs position without seriously compromising their current responsibilities. Nor would HEAB be able to fill the Fiscal Affairs position with an existing staff member without filling the position vacated by that employee. Thus, HEAB could not rely on vacant position funding to cover the budget shortfall that results from the agency's former Financial Officer remaining on the payroll through March 2000. HEAB will need to hire a new employee to ensure that the responsibilities of the Fiscal Affairs Financial Officer are fulfilled and that the agency's operations are not compromised.

Since the retirement of the Financial Officer was unexpected, the agency was not able to plan for the necessary expenditure. Therefore, funds were not requested in the most recent biennial budget.

If this request is denied, the employee hired to replace the retiring Financial Officer would need to be terminated and essential duties to the operation of the agency could not be carried out. HEAB administers over \$60,000,000 in student financial aid to just under 60,000 Wisconsin UW, WTC, and Private college students. Programs HEAB is responsible for include the UW-WHEG, WTC-WHEG, WTG, TIP, MU and MCOW Capitation Programs, MN-WI Reciprocity Program, Academic Excellence Scholarship, Minority Grant, Indian Grant, and more. If duties were not carried out within the Fiscal Affairs area of the agency, college students throughout Wisconsin would experience a delay in receiving the funds necessary to pay for education related expenses.

### **Summary**

HEAB requests funding to cover the cost of hiring a Fiscal Affairs Financial Officer while the retiring employee is using accumulated sabbatical and other leave time. The retirement was unexpected and therefore could not be planned for. Because HEAB operates with a small number of staff (11), it would not be possible for existing staff to absorb the duties of the Fiscal Affairs position without seriously compromising their existing responsibilities. Thus, HEAB must hire a new employee to ensure that the responsibilities of the Financial Officer are fulfilled. The Fiscal Affairs Financial Officer performs tasks essential to HEAB; therefore, if these duties are not carried out, the operation of the agency will fail and just under 60,000 Wisconsin college students would be affected. Given the circumstances, it is believed that this emergency request meets the statutory criteria under s. 13.101(3).

### **Agency Representation**

Executive Secretary Jane Hojan-Clark and/or Division of Programs and Policy Manager Jim Buske will represent the Higher Educational Aids Board at the next meeting of the Joint Committee on Finance.

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.

Governor's Recommendation

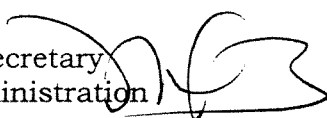
Approve the request.



TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

**Date:** September 14, 1999

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

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

**Subject:** Section 13.10 Request from the Department of Revenue for Administration  
of the Lottery and Gaming Credit.

### Request

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.

### Background

From 1991 to 1995 the lottery credit was distributed to homeowners only. In 1996 the Dane County circuit court declared this limitation a violation of the uniformity clause and, therefore, unconstitutional. Given this decision, the 1997 and 1998 lottery credits were distributed to all taxable parcels of real and personal property. The Department of Revenue's (DOR's) funding to administer the lottery credit was reduced since it was no longer necessary to identify which parcels would receive the credit.

In April 1999, Wisconsin voters approved a constitutional amendment requiring lottery, bingo and pari-mutuel gaming proceeds to be used for property tax relief to state residents. It further allowed for the distribution of lottery, bingo and pari-mutuel proceeds to be exempt from the restrictions of the uniformity clause of the constitution.

1999 Wisconsin Act 5 implemented the changes included in the constitutional amendment. It restored the lottery credit as it existed prior to the 1996 court decision by providing the credit only to principal dwellings. Furthermore, the act added bingo and pari-mutuel proceeds to the amount to be distributed under the lottery credit. To reflect this change, the act renamed the "lottery credit" to the "lottery and gaming credit".

This request is to provide additional funding and positions to administer the revised lottery and gaming credit. The restriction of the credit once again to primary residencies creates additional workload for the department. In anticipation of this need, Wisconsin Act 5 explicitly permitted the department to make and the Joint Committee on Finance to approve this request.

### Analysis

The Department of Revenue is responsible for providing information about the credit to homeowners and local governments and ensuring that only properties used as principal dwellings receive the credit. To fulfill these duties, DOR is requesting 3.0 FTE permanent positions (composed of 2.0 FTE revenue auditor positions, a 0.5 FTE program assistant 2 and a 0.5 FTE information systems programmer) and funding as follows:

	<u>FY00</u>	<u>FY01</u>
Permanent Salaries	\$56,700	\$83,000
Fringe Benefits	21,600	31,700
Infotech Charges	25,100	25,100
Other Support Costs	<u>27,200</u>	<u>13,100</u>
TOTAL REQUEST	\$130,600	\$152,900

The two revenue auditor positions will examine the viability of credit claimants both before and after the credits appear on the property tax bills. Efforts to identify invalid claims and annually update the list of properties to receive the credit will occur through cross-checking with relevant databases, contact with claimants, and communication with local governments. The department will review the lists of claimants derived from precertification efforts that will be undertaken every five years. DOR will also review new claimants added in the intervening years. These positions will conduct follow-up activities on audit prospects and provide lottery and gaming credit information to both taxpayers and local governments. Over 1.2 million claimants for the credit are expected annually.

A 0.5 FTE program assistant 2 position is requested to provide administrative support for the program. The duties for this position include tracking the receipt and processing of all data files going to and received from local governments. The position will also update and distribute brochures of frequently asked questions about the lottery and gaming credit program.

A 0.5 FTE information systems programmer/analyst position is requested to maintain all data processing systems involved in the lottery and gaming credit. These systems include approximately fifty programs to cover all precertification, audit, payment processing and administrative functions. Some specific



processing examples include loading files of potential claimants received from counties, matching large datasets to identify audit candidates, tracking each stage of individual audits and determining the payments to be made to local governments for both credit claims and precertification costs.

### **Comparison to Previous Authority**

The Department of Revenue's request restores the same number of authorized positions and nearly the same expenditure authority that the department had previously when the lottery credit was limited to homeowners. The Joint Finance, Assembly and Senate versions of the 1999-01 budget bill all provide \$43,300 in FY00 and \$33,500 in FY01 for lottery credit administration (the amounts DOR deemed necessary for a credit to all rather than only selected parcels). When combined with the funding provided in the 1999-01 budget bill, this request will provide a total of \$173,900 in FY00 and \$186,400 in FY01 compared to \$191,100 appropriated for FY96 in 1995 Act 27. Just as in FY96, a total of 3.0 FTE positions will be devoted to the program.

### **Recommendation**

Approve the request.

Prepared by: Paul Ziegler  
266-5468



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933  
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Tommy G. Thompson  
Governor

Cate Zeuske  
Secretary of Revenue

September 3, 1999

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

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

Dear Senator Burke and Representative Gard:

SUMMARY OF REQUEST

The Department of Revenue (DOR) requests a supplement of \$130,600 SEG in fiscal year 1999-00 and \$152,900 SEG in fiscal year 2000-01 from the appropriation under s. 20.865(4)(u) and creation of 3.00 FTE SEG permanent positions in the Department's s. 20.566(2)(r), lottery and gaming credit appropriation. The funding and positions identified in this request are for the activities necessary to administer the Lottery and Gaming Credit Program. The funding requested will be provided from the Lottery and Gaming Fund. The amount requested for fiscal year 2000-01 is requested as base level resources to continue into future fiscal years.

BACKGROUND OF REQUEST

1999 Wisconsin Act 5 revised the lottery credit program. Under the law, profits from the Wisconsin Lottery, pari-mutuel on-track betting and bingo are used to reduce property taxes on owner-occupied homes. The potential credit is based on a maximum credit value multiplied by the equalized value tax rate for the school district. Owners who use the parcel as their primary residence qualify for the Lottery and Gaming Credit.

The Department of Revenue's responsibility for administering the Lottery and Gaming Credit program includes providing program information, taxpayer assistance, and ensuring only qualified Wisconsin homeowners claim and receive the credit.

Since the program was enacted in August 1991, DOR has been informing the public of the credit program and working with local units of government on the administration of the 1991 and subsequent years' credits. Nearly 1.2 million homeowners participated in the 1991-1995 Lottery

Credits, receiving approximately \$461.1 million in property tax relief. About 3 million property owners received the 1997-1998 Lottery Credits, receiving about \$350.1 million in property tax relief. This request for funding and positions is similar to the resources required to administer the 1991-1995 Lottery Credit program.

The next phase of activities is directed at establishing an effective program for the long-term distribution of the Lottery and Gaming Credit. These activities are: (1) implementing a method/process to precertify eligible Lottery and Gaming Credit claimants, and (2) verifying that existing and future claimants are eligible by existing program criteria to claim the credit.

Precertification of claimants before the Lottery and Gaming Credit is distributed will allow local governments to determine on which property tax bills the credit should be applied, thus reducing the number of erroneous claims and reducing delays and long lines at tax paying time. A precertification form has been developed by the Department for use by county treasurers. The precertification form will be mailed out in September, 1999 by county treasurers to potentially eligible claimants. Claimants completing and returning the precertification form would be establishing their eligibility for the 1999-2003 Lottery and Gaming Credits. A similar form will be distributed in Spring, 2004 so claimants can certify their eligibility for the 2004-2008 Lottery and Gaming Credits. Thereafter, precertification will continue to be as of the January 1st of each fifth year.

Claimant eligibility needs to be verified to ensure only qualified homeowners receive the Lottery and Gaming Credit. For 1999 and future periods, the verification will be through the use of databases both within DOR and other state agencies. The objective is to develop a verified base of Wisconsin homeowners who are eligible for the Lottery and Gaming Credit from which local governments can apply the credit to the claimant's property tax bill with a high degree of confidence in its accuracy. Verification would then only be necessary on adjustments to the verified base of eligible Wisconsin homeowners.

To effectively implement and continue the Lottery and Gaming Credit program, additional resources are required. Resource needs are identified in two categories: (1) Program Administration, and (2) Systems Development/Data Processing.

#### Program Administration

Administering the Lottery and Gaming Credit program involves: (1) providing assistance to credit claimants and local government, and (2) ensuring only qualified Wisconsin homeowners claim and receive the credit. DOR is requesting 2.00 FTE Revenue Auditor 2 permanent positions to perform the claimant eligibility verification activity. These positions would perform verification activities on prospects generated from the automated database comparisons, coordinate and provide Lottery and Gaming Credit program information/education to the population being served, act as the point of contact to respond to taxpayer questions on the program, and interact with local government on the operations of the program.

The audit of Lottery and Gaming Credit claims is conducted in two stages. An attempt is made to audit the files provided by the 72 counties to discover individual property owners who completed a lottery credit application but do not qualify for the Lottery and Gaming credit. This audit is done prior to printing property tax bills and eliminates the credit from being applied to a property that should not get the credit.

The second audit is made by reviewing the property tax files provided by the 72 counties that include the amount of Lottery and Gaming credit applied to individual property tax bills. This audit does recover funds from individuals who incorrectly claim the credit.

The combination of a precertification audit (before tax bills are printed) and a post-certification audit (after tax bills are printed) provides significant administrative benefits to the counties, municipalities and the Department of Revenue. By denying Lottery and Gaming credit claims before they are printed on the tax bills, the amount of the credit available to all qualified property owners is increased. The workload for counties and municipalities who may need to adjust their records after a credit is denied and collected by DOR is reduced.

Based on data from the early 1990's when DOR last had an audit program for the Lottery Credit program, it is estimated that \$50,000 to \$70,000 of Lottery and Gaming Credit either not applied to tax bills or recovered from taxpayers would be generated for each auditor per year.

The Department is also requesting a .50 FTE Program Assistant 2 permanent position to provide administrative support for the Lottery and Gaming Credit Program. The duties of this position would include: (1) log the receipt of computer tapes/disks or files from counties, (2) track the processing of computer tapes/disks or files of individual property owner data as they are uploaded to the mainframe and returned to respective counties, (3) update and distribute "frequently asked questions" brochures to county and municipal officials and to associations such as realtors, bankers and attorneys, (4) monitor receipt of Annual March Report from counties of Lottery and Gaming credit applied on tax rolls, (5) track processing of the forms as they are sent to data entry, loaded to database, filed and ultimately sent to record center or destroyed, (6) answer telephone and distribute calls, and (7) compile data on training session results, summaries of audit results, etc.

#### Systems Development/Data Processing

The data processing system originally designed for the previous Lottery Credit program has four subsystems:

1. Precertification--This component collects a file of all potential claimants from each county. These files are edited and loaded to a database and then used to audit the full set of claims. The data is audited against income tax files and possibly drivers license files. Potential audit candidates are handled by the audit subsystem described below. At the completion of the audit, credits would be authorized for valid claims and processed by the payment processing subsystem. The matches required for this audit are complex and expansive since they involve multi-million record files and databases.
2. Audit--This subsystem is used to manage the audit of selected claims. The system performs the following functions: (a) load, maintain and edit the selected cases, (b) send on of several initial inquiry letters to the claimant, (c) send follow-up letters to the claimant, (d) send letters to the county and municipality, (e) certify "special charges" to counties for claims that are disqualified upon audit, and (f) track the status of each case as well as the overall caseload. In addition, several management reports are generated.
3. Payment Processing--This process produces the actual payments for the Lottery and Gaming Credit. Checks and notices are mailed in March and September. Several management reports are also generated.

- 4. Administrative Fees—This process pays the \$.70 per claim reimbursement, paid in the year following precertification.

This CICS/Db-2 system has approximately fifty programs, including screen modules and ten DB-2 tables. The system requires ongoing support to manage the files, to manage the audit selection process that is subject to frequent change and a need for ongoing ad-hoc support. The Department is requesting a .50 FTE Information Systems Programmer/Analyst-Intermediate position to provide this ongoing support.

SUMMARY OF REQUEST

The following is a summary of DOR's request for funding to administer the Lottery and Gaming Credit program:

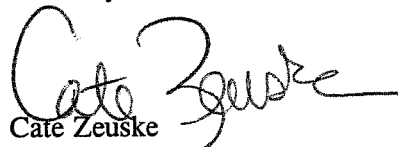
	<u>FY 1999-00</u>	<u>FY 2000-01</u>
Permanent Salaries	\$56,700	\$83,000
Fringe Benefits	21,600	31,700
Support Costs	<u>36,100</u>	<u>38,200</u>
Total Ongoing Costs	\$114,400	\$152,900
One-Time Costs	16,200	
Total Request	\$130,600	\$152,900

The funding requested is in addition to the funding level of \$43,300 in fiscal year 1999-00 and \$33,500 in fiscal year 2000-01 in the current version of the 1999-2001 biennial budget bill. This was the funding level required to administer the Lottery Credit program before passage of the 1999 Wisconsin Act 5, which created the Lottery and Gaming Credit program.

HOW REQUEST MEETS STATUTORY CRITERIA

Section 13.101, Stats., provides that an agency may request positions and supplemental funding from the Joint Committee on Finance when current funding is not sufficient to carry out the purposes for which an appropriation was created. DOR does not have sufficient funding to administer the Lottery Credit and Gaming program created by 1999 Wisconsin Act 5.

Sincerely,

  
Cate Zeuské  
Secretary of Revenue

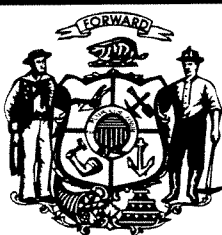
VII-a. Department of Corrections - Jon Litscher, Secretary

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.

Governor's Recommendation

Approve the request.

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY



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

**Date:** September 14, 1999

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

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

**Subject:** Section 13.10 Request from the Department of Corrections for authority to contract for additional out-of-state beds.

### **Request**

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.

### **Background**

Currently the Department of Corrections (DOC) has authority to contract for 3,857 out-of-state beds. At previous s.13.10 meetings the Joint Committee on Finance has given DOC the authority to modify specific provisions within existing contracts. At the December 1998 s.13.10 meeting the committee authorized the department to modify the number of beds at currently approved sites as long as the overall number of out-of-state beds does not exceed the level authorized by the committee.

### **Analysis**

The number of male inmates is exceeding the current capacity of the correctional system. As of September 3, 1999, DOC had 18,046 male inmates with an operating capacity of 14,437. Since January of this year the department has experienced an average rate of growth of approximately 44 inmates per week.

While all versions of the proposed 1999-01 biennial budget increase the number of out-of-state contract beds, the Senate version authorizes the lowest projected increase in contract beds. This version of the biennial budget provides for an increase in the average daily population (ADP) of 181 in FY00 and 1,892 in FY01.

Due to the phased-in use of the new beds, the department's request for 250 additional contract beds will result in an ADP of 181. Funding for this ADP level represents a conservative estimate of the need for additional contract beds. The Senate version of the biennial budget included funding for an increase in the ADP level of 181 beds, and this funding is placed in the committee's supplemental appropriation. The department will absorb the cost of the additional beds from its base budget until the biennial budget is enacted. DOC will request the release of funding for the additional beds at a subsequent s.13.10 meeting, after the biennial budget is enacted.

Currently the approved bed capacity at CCA's North Folk Correctional Facility in Sayre, Oklahoma is 1,103 beds. The department is requesting authority to increase this capacity level to 1,440 beds. This increase results from the additional 250 beds being requested, plus an additional 87 beds being transferred from Texas to the North Folk Correctional Facility.

The department's long-range goal, as expressed in a August 2, 1999, letter to the committee, is to consolidate contracted bed space and eliminate the use of Texas County jail contracts to house Wisconsin inmates. At this time the department is notifying the committee of its immediate plans to reduce the inmate population in Texas by 87 beds and its request to increase the capacity at the North Folk Facility.

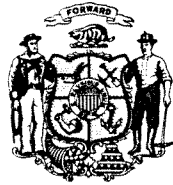
#### **Recommendation**

Approve the request.

Prepared by: James Johnston  
266-3420



VII-24b



Tommy G. Thompson  
Governor

Jon E. Litscher  
Secretary

**State of Wisconsin  
Department of Corrections**

Mailing Address

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Fax (608) 267-3661

August 30, 1999

**MEMORANDUM**

**TO:** The Honorable John Gard, Co-Chair  
Joint Committee on Finance

The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance

**FROM:** Jon E. Litscher, Secretary  
Department of Corrections

**SUBJECT: § 13.10 Request – Additional Contract Beds and Position  
Authority for Supermax Facility**

The Department of Corrections (DOC) requests that the Joint Committee on Finance (JCF) schedule time at its next §13.10 meeting in September to consider a request for additional contract bed capacity and authorization of staff for the opening of the Supermax facility in Boscobel.

The Department requests authorization for an additional 250 out-of-state contract beds to relieve overcrowding in Wisconsin prison facilities. This is in addition to the 3,857 previously approved out-of-state contract beds.

The Department is also providing notification to the Committee of our intent to move 87 previously approved beds from Texas to the Corrections Corporation of America (CCA) site in Sayre, Oklahoma.

To accommodate these changes, the Department requests approval of a modified contract with Corrections Corporation of America that increases the capacity at the Sayre, Oklahoma site to 1,440.

The Department of Corrections also requests position authority for 184.89 FTE at the Boscobel Supermax facility, which is scheduled to receive inmates in November 1999. In order for the Supermax to open by November, position authority is needed by mid-September. Because it is unclear when the budget will pass, these positions are being requested at this time. Further delay in obtaining position authority for this facility will result in a delay in opening. These positions were requested in the budget to be filled in July, August, and September 1999.

## Background

Contract Beds - On August 20, 1999, the Department housed 18,117 male inmates in a system with a capacity for 14,443. Additional contract bed authority is required at this time because of immediate space constraints and continued population pressures. The need for additional contract beds cannot wait until passage of the budget. Since January of this year the Department has experienced an average rate of growth of approximately 44 inmates per week.

The 1999-01 biennial budget bill provides full funding for an average daily population (ADP) of 3,857 currently authorized out-of-state contract beds. The JCF, Assembly and Senate versions of the budget bill vary. The version that authorizes the lowest projected funding for new contract beds provides for an average daily population (ADP) of 181 in FY 00 and 1,892 in FY 01. The Department has developed an implementation schedule for bringing the requested 250 new contract beds on line in FY 00 that results in an ADP of 181.

On August 2, 1999, I wrote to the JCF describing my overall goal of consolidation of contracted bed space wherever feasible. Although it is my long-range goal to decrease the usage of contract beds in Texas, it is anticipated that this will occur slowly over the next year. It is anticipated that within the next month we will be reducing our populations in Texas by 87 beds. As we vacate these 87 Texas beds we plan to begin moving an additional 87 inmates into the Sayre, Oklahoma site.

On August 4, 1999, in compliance with the directive of the Committee I submitted notification of the Department's intent to maintain 354 inmates at the Duluth Federal Prison Camp in Minnesota and transfer the authority for 46 inmate beds from Duluth to the North Fork facility in Sayre, Oklahoma. The increase of 46 beds at the Sayre, Oklahoma site brought this facility's approved capacity to 1,103. This was the best avenue to address the population needs facing the Department and was consistent with my overall goal of consolidation.

The Department is also experiencing reduced bed capacities at in-state county jails (e.g. Outagamie, St. Croix and Manitowoc Counties). These counties have been experiencing increased bed needs for their own offenders, resulting in fewer beds for state use.

The Department currently has a request for proposal (RFP) advertised with a September 2, 1999, proposal due date. The Department's population pressures are serious enough that we cannot wait for the processing of the RFP and the signing of the biennial budget bill.

Approved bed capacity at the Sayre, Oklahoma facility is now at 1,103 of its total available 1,440 beds. The requested additional 250 beds plus the 87 beds being transferred from Texas would bring the capacity at Sayre, Oklahoma to 1,440. A modified contract reflecting this change is included with this request for your approval.

Supermax Position Authority - 1997 WI Act 237 provided initial staffing, training costs for correctional officers and funding for startup of the institution. Activation plans have been completed. Candidates selected for Officer 1 positions will begin nine weeks of officer training in the Boscobel area on August 30<sup>th</sup>. Other staff recruitment, examinations, and interviews have been held. However, employment offers cannot be made without position authority. In addition, the Department has received 99 requests for employee transfers from other institutions. These requests cannot be honored without position authority.

In order to open the institution on schedule, staff must be familiar with institution policies and procedures, as well as with the facility and its highly technical systems.

Due to the unique nature of the Supermax facility, all staff must also receive two weeks of special training, given at the institution. The position authority requested here would provide sufficient staff for proper administration, security, and programming for inmates who will be received gradually. The positions not included in this request are primarily associated with housing units that will be occupied in later phases, and these can be filled after the budget passes.

#### Sources of Funding

This request is only for authority for contract beds and positions. A request for funding cannot be made at this time since the 1999-01 Biennial Budget has not passed.

All versions of the biennial budget bill place funding for currently authorized contract beds in DOC. The funding for additional contract beds is placed in Joint Finance's appropriation. The Department is able to absorb the increased cost of the 250 beds on a short-term basis. A future §13.10 action will be needed to restore the funding for these beds to DOC's base.

Costs associated with the Supermax will also be absorbed through base funding. When the biennial budget passes, the funds will be restored to the base.

#### Summary

This request asks for authorization to increase currently approved out-of-state contract beds by 250. The request further advises the Committee of the Department's intent to transfer authority of 87 beds from Texas to the Corrections Corporation of America (CCA) at the Sayre, Oklahoma site. The Department also requests approval of a modified contract with CCA to expand the capacity at Sayre, Oklahoma to 1,440. It is the intent of the Department to return with a future §13.10 action once the budget bill is signed for funding and restoration of base contract bed funds.

The request also asks for position authority for 184.89 FTE to staff the Supermax correctional institution so that the institution can open on schedule. The remaining 60.00 FTE for the institution can be hired after passage of the budget.

The Department will be represented by Secretary Jon Litscher, Dick Verhagen, Division of Adult Institutions Administrator, and Cindy Archer, Division of Management Services Administrator.

cc: Robert Lang, Legislative Fiscal Bureau  
Mark Bugher, Department of Administration

#### Prepared By:

Lucie Widzinski-Pollock, Analyst  
Bur. of Budget and Fac. Mgmt.  
266-5070

Barbara Carlson, Analyst  
Bur. of Budget & Fac. Mgmt.  
266-9340

SECOND ADDENDUM TO  
CONTRACTUAL SERVICES CONTRACT  
BETWEEN CORRECTIONS CORPORATION OF AMERICA  
AND DEPARTMENT OF CORRECTIONS

This contract addendum is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 1999, by and between the State of Wisconsin, Department of Corrections, having its principal office at 149 East Wilson Street, Madison, Wisconsin, 53702, hereinafter referred to as the "Department", and Corrections Corporation of America, a corporation organized under the laws of the State of Tennessee, having its principal office at 10 Burton Hills Boulevard, Nashville, Tennessee, 37215, hereinafter referred to as "Contractor", to amend the contract made and entered into between the Department and the Contractor on March 6, 1998 and amended on June 26, 1998.

WHEREAS, the Department is authorized pursuant to sec. 301.21, Stats., to enter into contracts for the transfer and confinement in another state of inmates who have been committed to the custody of the Department, and

WHEREAS, in accordance with the terms and conditions of Request for Proposal #C-461, on November 16, 1997, the Contractor submitted a Proposal to the Department and has been selected by the Department to house inmates committed to the Department, and

WHEREAS, a need has arisen to place additional Wisconsin inmates at the Sayre, Oklahoma facility, and

WHEREAS, the Department is authorized by statute and by the Wisconsin legislature's Joint Committee on Finance to enter into this Addendum pursuant to which the Contractor will provide housing and other contractual services for certain inmates, and

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, the parties mutually agree to contract between the parties dated March 6, 1998, and amended on June 26, 1999 is hereby further amended as follows:

1.0 INMATES

The Department will transfer additional male inmates to the Contractor's North Fork Correctional Facility in Sayre, Oklahoma up to a capacity of 1,440.

2.0 FUNDS AVAILABLE AND AUTHORIZED

The Department will have sufficient funds available and authorized for expenditure to finance the costs of up to 1,440 inmates to the Contractor's facility in Sayre, Oklahoma.

3.0 TERMS AND CONDITIONS

All other terms and conditions of the aforementioned Contract made between the Contractor and the Department on March 6, 1998, and amended on June 26, 1998, remain in effect unchanged by this Addendum.

4.0 EFFECTIVE DATE

This Addendum is effective \_\_\_\_\_, 1999.

IN WITNESS WHEREOF, the parties hereunto affix their signature below:

FOR THE DEPARTMENT OF CORRECTIONS:

\_\_\_\_\_  
Jon E. Litscher, Secretary

\_\_\_\_\_  
Date Signed

FOR THE CONTRACTOR:

\_\_\_\_\_  
Doctor Michael Quinlan, Chairman and CEO

\_\_\_\_\_  
Date Signed

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.

Governor's Recommendation

**Approve the request.**



TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

**Date:** September 14, 1999  
**To:** Members, Joint Committee on Finance  
**From:** Mark D. Bugher, Secretary  
Department of Administration  
**Subject:** Section 13.10 Request from the Department of Corrections for position authority.

### **Request**

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.

### **Background**

The Supermax Correctional Institution is a 500 bed facility, originally scheduled to open in October 1999. 1997 Act 237 provided some initial staffing and training costs for correctional officers and funding for the start-up of the facility.

During budget discussions last May, the Joint Committee on Finance recommended providing \$10,765,600 GPR in 1999-00, \$12,744,700 GPR in 2000-01 and 244.89 FTE positions annually to operate the Supermax Correctional Institution.

### **Analysis**

Construction of the Supermax Correctional Facility is nearly completed. The Department of Corrections (DOC) had planned to start hiring officers in July 1999, in order to have staff trained and in place to open the facility in October. Candidates for Officer 1 positions have started initial training and other staff recruitment, examinations and interviews have been held. The 1999-01 biennial budget contains the following schedule for position authorization for the Supermax Correctional Facility: 63.6 FTE in July, 33.04 FTE in August, and 88.25 FTE in September, for a total of 184.89 FTE positions.

Position authority needs to be provided now in order to have staff in place to open the facility in November. Staff must be familiar with institution policies and procedures, facility operations and technical systems. In addition, due to the

unique features and environment of the Supermax Facility, all staff must also receive two weeks of special training. The requested position authority would enable DOC to begin receiving prisoners in mid-November. The prisoner population will gradually increase throughout the fiscal year.

The department will temporarily absorb the costs of hiring the new positions from its base budget until the 1999-01 biennial budget is enacted. As cited above, the current proposed biennial budget provides funding for these positions.

**Recommendation**

Approve the request.

Prepared by: James Johnston  
266-3420



DEPARTMENT OF  
CORRECTIONS' REQUEST  
LOCATED BEHIND TAB

VII-A.

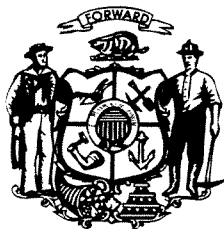
VIII. Department of Justice – Susan Goodwin, Executive Assistant

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.

Governor's Recommendation

Modify the request. Provide \$154,400 GPR in 1999-2000 and \$77,900 GPR in 2000-2001 and authorize 3.0 FTE to begin as soon as possible to serve the areas of Wisconsin with the greatest documented need along the Iowa and Minnesota borders.

Accordingly, provide 1.0 FTE criminal intelligence analyst to be assigned to the central office in Madison, 1.0 FTE special agent to be assigned to the Eau Claire regional office to serve the Minnesota border, and 1.0 FTE special agent to be assigned to the central office in Madison to serve the Iowa border.



**Date:** September 14, 1999

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

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

**Subject:** Section 13.10 Request from the Department of Justice for  
Methamphetamine Enforcement Positions.

### Request

The department requests a supplement of \$635,500 GPR in fiscal year 1999-2000 and \$410,700 GPR in fiscal year 2000-2001 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), the authorization of 7.0 GPR FTE permanent positions, and to create a new office for the Division of Narcotics Enforcement in southwest Wisconsin.

### Background

Methamphetamine is an addictive stimulant that affects the central nervous system. It is a synthetic drug commonly made from over-the-counter cold and asthma medications, red phosphorous, anhydrous ammonia, battery acid, and lye. It may be injected, snorted, inhaled, smoked, or ingested.

According to the U.S. Drug Enforcement Administration, California, Arizona, and Utah have been subject to the most widespread methamphetamine problem. Recently, rural areas of Missouri, Minnesota and Iowa have been struggling with growing addiction, manufacturing, and trafficking. Evidence indicates that the presence of methamphetamine is increasing in rural Wisconsin, especially in the western portion of the state.

### Analysis

DOJ requests seven GPR positions - 4.0 FTE special agents, 1.0 FTE special agent in charge (SAC), 1.0 FTE criminal intelligence analyst, and 1.0 FTE program assistant. These positions would be used for methamphetamine investigations and to establish a new Division of Narcotics Enforcement (DNE) regional office in southwestern Wisconsin. DNE currently has regional offices in Madison, Milwaukee, Eau Claire, Appleton, and Wausau.

Since submitting its original request, DOJ has reduced its GPR expenditure

request to \$451,600 GPR in fiscal year 1999-2000 and \$403,800 GPR in fiscal year 2000-2001.

*Methamphetamine investigations*

Of these seven positions, 3.0 FTE represent DOJ's 1999-2001 biennial budget request for 2.0 FTE special agents and 1.0 FTE criminal intelligence analyst for methamphetamine investigations beginning in FY01. DOJ intends to assign the intelligence analyst to the central office in Madison, one agent to the Eau Claire regional office, and one agent to the Wausau regional office.

**In the biennial budget, the Governor recommended one special agent to be assigned to the Eau Claire office because that region demonstrated the greatest documented need. The Joint Committee on Finance accepted the Governor's recommendation. The Senate provided the 3.0 FTE as outlined in DOJ original budget request. The Senate provision was adopted by the Conference Committee.**

Because of the desire to be proactive in preventing the spread of methamphetamine through rural Wisconsin, DOJ requests that these three positions start as soon as possible, rather than wait until 2000-2001.

Regions along the Minnesota and Iowa borders demonstrate the greatest documented need based on arrest reports submitted by local drug task forces and surveys pertaining to drug offenses. Logically, one agent should be assigned to the Eau Claire office, which serves the Minnesota border, and one agent should be assigned to the Madison office, which serves the Iowa border. Because of the critical need to compile and analyze trafficking patterns and the acquisition of precursor chemicals statewide, the criminal intelligence analyst should be authorized and located in the central office in Madison.

*Proposed southwestern regional office*

The remaining 4.0 GPR FTE in DOJ's request would be used to establish a new DNE regional office in southwest Wisconsin. The proposed service area would include La Crosse, Monroe, Vernon, Richland, Crawford, Grant, Iowa, and Lafayette Counties.

The proposed southwestern regional office and related staff should not be authorized. The creation of a new regional office is beyond the purpose of a s. 13.10 supplement. At least two additional special agent positions may be covered by federal funds in the near future. Additional positions in the Madison office would sufficiently increase the coordination with and education of locals and Metropolitan Enforcement Groups (MEGs) in southwest Wisconsin. Lastly, additional positions in the Madison office would provide coverage to the Iowa border comparable to coverage along the Minnesota border out of the Eau Claire office.

In addition to salary, fringe, and supplies related to 4.0 FTE, a new office would require GPR for the initial purchase and ongoing expenses related to a regional office. Spending would include the leasing of office space and the acquisition,

maintenance, and replacement of computers, surveillance equipment, communications equipment, and office equipment. These GPR expenses would be a burden in the 1999-2001 biennium and beyond.

The purpose of a s. 13.10 supplement is to assist agencies with emergencies and unforeseen events that require prompt action. It is intended to serve as a short-term supplement to provide an immediate solution, not to create a base for future GPR expenditures. The creation of a new regional office is an item best taken up during budget deliberations where ongoing costs and benefits may be fully analyzed.

It is also DOJ's intent to secure federal funds in the near future to provide this southwest office with at least an additional 2.0 FTE special agent positions. When the federal funding has been secured and position authority has been established, these special agents should also serve areas of the state with the greatest documented methamphetamine problem, regardless of the existence of a new southwestern regional office.

At least two federally-funded positions and the placement of one special agent in the Madison office as described above should be sufficient to increase DNE's presence in southwestern counties. These additional staff resources will enable DNE to increase public awareness of methamphetamine and increase coordination and education of southwestern MEGs, local law enforcement, emergency medical staff, and legitimate sellers and users of precursor chemicals. Increased awareness and knowledge at the local level could prove to be a major deterrent to this drug problem.

Lastly, the addition of one agent and two federally-funded agents assigned to the Madison office would provide coverage to southwest Wisconsin comparable to coverage provided by the Eau Claire office in terms of geographic area and threat level. At this point, the costs of a new regional office are beyond documented need.

### **Recommendation**

Modify the request. Provide \$154,400 GPR in 1999-2000 and \$77,900 GPR in 2000-2001 and authorize 3.0 FTE to begin as soon as possible to serve the areas of Wisconsin with the greatest documented need along the Iowa and Minnesota borders.

Accordingly, provide 1.0 FTE criminal intelligence analyst to be assigned to the central office in Madison, 1.0 FTE special agent to be assigned to the Eau Claire regional office to serve the Minnesota border, and 1.0 FTE special agent to be assigned to the central office in Madison to serve the Iowa border.



STATE OF WISCONSIN  
DEPARTMENT OF JUSTICE

VIII

JAMES E. DOYLE  
ATTORNEY GENERAL  
Burneatta L. Bridge  
Deputy Attorney General

114 East, State Capitol  
P.O. Box 7857  
Madison, WI 53707-7857  
608/266-1221  
V/TTY 608/267-8902

September 3, 1999

Senator Brian Burke, Co-Chair  
Joint Committee on Finance  
316 South, State Capitol  
Madison, WI 53707-7882

Representative John Gard, Co-Chair  
Joint Committee on Finance  
315 North, State Capitol  
Madison, WI 53708-8952

Dear Senator Burke and Representative Gard:

Under sec. 13.10, stats., the Department of Justice requests GPR supplements of \$635,500 in FY 2000 and \$410,700 in FY 2001, from the appropriation under sec. 20.865(4)(a) to the *General Program Operations* appropriation under sec. 20.455(2)(a). Seven GPR positions are requested—four Special Agents, a Special Agent in Charge, a Criminal Intelligence Analyst, and a Program Assistant. Three of these positions represent immediate authorization of the resources included in the Senate version of Assembly Bill 133. Four of these positions would be among the six needed to establish a new office for the Division of Narcotics Enforcement (DNE) in southwest Wisconsin. We hope that federal moneys will soon be available to fund at least two Special Agents for this new office, and will seek FED position approval from the Department of Administration when appropriate. These resources are needed immediately to help combat the rapid spread of methamphetamine in Wisconsin. Unless additional positions and funding are provided to DNE, the devastation seen in neighboring states will almost certainly sweep across our state as well.

This request meets the three criteria under sec. 13.101(3)(a), stats. First, an emergency exists because methamphetamine has arrived in Wisconsin, bringing with it the problems seen in other parts of the country. Second, the Department has no other resources to devote to this emerging crisis, given the myriad other law enforcement needs we must continue to address. We are devoting every available resource to this crisis. Third, the purposes for which we are requesting these resources have been authorized by the Legislature, and are part of our mission.

### Background

Methamphetamine is a powerful, illegally produced stimulant that attacks the central nervous system. While large quantities are produced in Mexico and California, this illegal drug is also produced in clandestine labs set up in barns, garages, apartments, homes and motel rooms. Methamphetamine can be smoked, snorted, orally ingested or injected. A *high* can be so intense that withdrawal will put the user into deep depressions, leading to continued use to try to avoid the depression. Users may stay high and not sleep for fifteen days or more. Methamphetamine use can quickly lead to anger, aggressiveness, hallucinations, paranoia, depression, heart attacks and strokes. Users frequently become violent and often assault other family members, health care providers and law enforcement officers. In California, meth has become known as *the child abuse drug* because addicted parents commonly neglect and abuse their children.

Methamphetamine poses a unique drug threat. Drug problems in Wisconsin have typically spread from south to north, and from urban to rural areas. Methamphetamine is appearing most dramatically in northwest and southwest Wisconsin, as well as Dane and Rock Counties and the Lake Winnebago area. Less urbanized areas facing this threat often have a shortage of law enforcement personnel with drug-related experience. Based on experience in other midwest states, we can expect the methamphetamine problem to spread very rapidly. This calls for an immediate and forceful response, and the Division of Narcotics Enforcement is the agency best suited to spearhead this response.

Why is methamphetamine abuse such a problem? If left unchecked, we can expect these consequences for Wisconsin:

- **More Domestic Violence**—This drug's use results in a *fight or flight* condition that often leads to violence. In Iowa, methamphetamine has been cited as a contributing factor in 80% of domestic violence cases, and is associated with much of the violent crime in that state.
- **More Child Neglect**—Methamphetamine abusers often leave their children unattended, and without adequate food or shelter. In these circumstances, children are exposed to drug abuse, prostitution and bizarre behavior on the part of abusers.
- **More Public Health Problems**—Methamphetamine use is linked to increases in intravenous drug use, teen pregnancies and birth defects.
- **More Assaults on Law Enforcement Officers and Health Care Providers**—Violent assaults on law enforcement officers, emergency medical technicians, emergency room staff and other health care providers are often linked to methamphetamine abusers.

- **More Environmental Pollution**—Methamphetamine production is associated with the dumping of toxic chemicals, and with explosions and fires, at clandestine labs. In addition to degrading the environment, this is also a threat to law enforcement officers and unsuspecting citizens who uncover these labs and may not be familiar with the volatility of the chemical compounds involved.
- **Less Tourism Spending**—Methamphetamine is increasingly seen in areas of the state where tourism is a significant part of the economy. Resulting increases in property crime, violence and drug arrests will make these areas less appealing for tourists.

The nature and seriousness of the methamphetamine crisis requires a state-level response. The Division of Narcotics Enforcement has the experience and expertise to lead this fight wherever the threat is greatest. The Division has a very effective working relationship with local law enforcement agencies across Wisconsin, as well as with federal agencies and counterparts in other states, which will be key ingredients in a successful initiative.

#### Analysis

The case we presented in our 1999-01 biennial budget request, submitted on September 15, 1998, is even more compelling now.

- **Cases**—Methamphetamine cases submitted for analysis by the state crime labs tripled in three years, from 42 in 1996 to 112 in 1998.
- **Investigations**—DNE Special Agents have opened nearly 90 investigations in the last year.
- **Arrests**—Methamphetamine-related arrests increased by 50 percent, from 50 to 75, between 1996 and 1998.
- **Prosecutions**—The U.S. Attorney's Office in Madison has prosecuted 40 persons since the inception of the methamphetamine initiative.
- **Clandestine Labs**—Methamphetamine labs have been seized in Janesville and Glendale in the past few months. Reported thefts of precursor chemicals and of meth dumpsites in southwest Wisconsin have increased, indicating growing clandestine lab activity.

The methamphetamine crisis is most pressing in counties bordering Minnesota, Iowa and Illinois. Unless checked, it will continue its spread to the rest of Wisconsin.

The crisis in Iowa is illustrative. For example, law enforcement officials in that state reported seizing over 300 clandestine labs last year alone. As noted above, methamphetamine use is involved in a reported 80% of domestic violence cases, and much of the violent crime, in



Senator Brian Burke, Co-Chair  
Representative John Gard, Co-Chair  
September 3, 1999  
Page 4

Iowa. Governor Vilsack recently signed two bills into law to fight the epidemic seen in Iowa. A press release on Governor Vilsack's website highlights the appropriation of nearly \$4 million in *total new funding* for increased law enforcement, prosecution, treatment, education, and prevention. The Iowa legislation specifically provides for two additional Criminalists (assumed to be Criminal Intelligence Analysts), an additional Meth Cleanup Team, and six additional Agents per year for each of the next three years, beginning in FY 2000—i.e., 18 new Agents by FY 2002. Based on the press release, the legislation provides at least \$5.5 million over the next four years for these law enforcement purposes alone.

Our request is very modest, by comparison. In essence, we are asking for earlier access to all three of the positions we requested in our biennial budget proposal, and to establish a DNE office in a part of the state that is particularly vulnerable to methamphetamine. Our budget proposal was for two Special Agents and a Criminal Intelligence Analyst, to be authorized in January, 2001. The Senate version of Assembly Bill 133 includes this provision. Since we submitted that request a year ago, our experience now tells us that additional resources are needed, and as soon as possible. Specifically, we need the resources contained in the Senate version of the budget bill in October, 1999 rather than having to wait until January, 2001. Also, it is imperative that DNE resources be allocated to a proposed new office in southwest Wisconsin. A Special Agent in Charge, four Special Agents, a Program Assistant, and related funding are needed for this purpose as early as October, 1999. Because we hope that federal funds will pay for at least two Special Agents for this new office, we are requesting GPR funding and position authority for four positions, rather than six, for this purpose.

Under our initiative, new Special Agents will conduct critically needed, high level investigations, working with local agencies and Multi-jurisdictional Enforcement Groups. A Special Agent in Charge, a Program Assistant, and a Criminal Intelligence Analyst will provide supervisory, clerical, and analytical support.

Responsibilities of the Special Agents (including the SAC) will include:

- **Investigating Criminal Activity**—Conducting and coordinating criminal investigations aimed at major production and trafficking operations. Criminal organization structures, potential money laundering, and assets subject to forfeiture will be included in these investigations, using criminal intelligence information.
- **Interdiction**—Working with the Wisconsin State Patrol, sheriff's departments, and law enforcement agencies from other states, to coordinate interdiction and other criminal investigation activities.
- **Prosecution**—Working directly with the U.S. Attorneys Offices to help as cases are prosecuted, and assisting local law enforcement agencies in these efforts.
- **Asset Forfeiture**—Processing asset forfeitures, and assisting local law enforcement agencies in securing forfeitures.

- **Training**—Serving as the lead resource for methamphetamine information, and providing training for law enforcement personnel from various jurisdictions.
- **Supervision**—In addition to these duties, the Special Agent in Charge will direct the work of the four Special Agents and Program Assistant in the new office.

The Program Assistant will provide needed clerical and administrative support for the office to be established in southwest Wisconsin.

The Criminal Intelligence Analyst will have these responsibilities:

- **Targeting**—Identifying methamphetamine labs based on patterns in the purchase of the materials (e.g. lye, acids) used to make this drug.
- **Case Analysis**—Supporting criminal investigations by: (1) developing leads, defining the structure and participants in criminal organizations, and identifying patterns of criminal activity, including money laundering; (2) examining various documents and records; (3) collecting and analyzing information from Dialed Number Recorders involving targeted telephone lines; and (4) producing charts to help develop and prosecute cases.
- **Threat Assessment**—Tracking trends associated with methamphetamine, including the extent or scope of the problem, and the connection of this drug to other criminal activity. Also, defining indicators that can help identify methamphetamine labs.

The Division of Narcotics Enforcement is uniquely qualified to spearhead methamphetamine efforts in Wisconsin, for many reasons. DNE has statewide jurisdiction, allowing for effective responses when the problem appears in different communities and counties. The Division has expertise and criminal intelligence resources that it brings to the fight against meth. Local law enforcement agencies look to DNE for help in their own efforts, and as a training resource. Finally, the Division has well-established relationships with counterpart agencies in other states, and with federal agencies involved in the drug war.

Many of these elements have been incorporated in our methamphetamine strategy, being led by DNE. The written summary of this strategy specifically addresses DNE services such as: (1) investigative support to local agencies; (2) specialized investigative services; (3) training; (4) gathering and sharing of criminal intelligence; (5) public awareness; (6) a protocol for responding to reports about possible clandestine labs; and (7) letters to retailers who sell items used in methamphetamine production, and to hotel/motel and storage locker managers about the use of these kinds of facilities as clandestine labs. The need for tougher criminal laws is also identified.

We hope to receive new resources for this initiative as soon as October, 1999. If this goal is met, then we will need about \$635,500 in FY 2000, including:

	<u>Northern Wisconsin</u>	<u>Southwest Wisconsin</u>	<u>Total</u>
Salaries	\$77,700	\$103,800	\$181,500
Benefits	27,500	37,800	65,300
Start-up or One-time Costs	43,400	217,400	260,800
Ongoing Operating Costs	<u>37,900</u>	<u>90,000</u>	<u>127,900</u>
Total	\$186,500	\$449,000	\$635,500

The one-time or start-up costs include standard office equipment, specialized law enforcement items, and equipment and supplies unique to methamphetamine investigations.

In FY 2001 we will need:

	<u>Northern Wisconsin</u>	<u>Southwest Wisconsin</u>	<u>Total</u>
Salaries	\$51,800	\$138,400	\$190,200
Benefits	18,400	50,400	68,800
Ongoing Operating Costs	<u>35,900</u>	<u>115,800</u>	<u>151,700</u>
Total	\$106,100	\$304,600	\$410,700

The FY 2001 figures for the *Northern Wisconsin* portion are for only six months, on the assumption that the Senate version of Assembly Bill 133 will be enacted and will fund six months of costs for these three positions.

We could ask for more. A new office in southwest Wisconsin should have four Special Agents, not two. The problem in northwest Wisconsin warrants additional resources there, as well. As noted above, we hope that federal moneys will be forthcoming to meet these needs.

Law enforcement officials across the state have asked for help from the Division of Narcotics Enforcement to deal with this crisis. Those in counties bordering Minnesota, Iowa and Illinois are particularly beleaguered. We have responded, to the best of our ability, with the tools at our disposal. However, the Department of Justice must have more resources to lead this fight in Wisconsin, so that our state does not become inundated, as so many of our neighbors have.

In our biennial budget request and elsewhere, we have alerted decision-makers to this looming disaster and the modest resources that could help save Wisconsin from the devastation seen in so many other parts of the country. Because of GPR budget targeting requirements, our biennial budget proposal could not be implemented until January, 2001. The Governor recommended only one Special Agent, and not the three positions we requested. In its deliberations on Assembly Bill 133, the Joint Committee on Finance considered adding the other two positions, but that motion failed on a tie vote. If the Senate version of the budget is enacted, we will receive three additional positions, but not until more than a year has passed. We are convinced that this crisis needs our immediate attention and additional resources.

We have also requested funding from other sources. For example, on August 6, 1999, we submitted a proposal to the Office of Justice Assistance for \$30,000 for specialized supplies and equipment needed to investigate clandestine labs. We are also working with Senator Herb Kohl on the most effective ways to use federal moneys that may become available to fight methamphetamine. Because resources have yet to be provided through the biennial budget, OJA or federal legislation, we have no choice but to press ahead with this request for emergency funding under sec. 13.10, stats. If federal funds become available, then they can be used to provide more of the resources needed. Depending on the amount of federal moneys that come to the Department of Justice, some of the GPR funding we are requesting here may not be needed. However, we simply are unable to predict events at the federal level. Meanwhile, the methamphetamine crisis has arrived, and must be addressed.

It is appropriate and necessary to limit the use of GPR and other resources to only the highest priorities. I cannot imagine a higher priority than the fight against methamphetamine. New resources are needed immediately, and this request will accomplish that goal.

### Summary

Methamphetamine has arrived in Wisconsin. It will spread its misery quickly, unless it is checked by a forceful and effective state-level effort. The Division of Narcotics Enforcement will continue to lead this effort, but needs immediate resources to help insure that meth does not gain a foothold in our state.

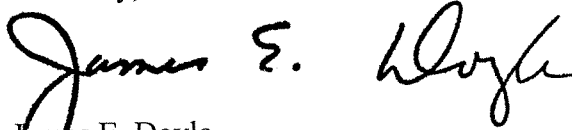
GPR supplements of \$635,500 in FY 2000 and \$410,700 in FY 2001 are requested, along with seven GPR positions. As considered in the biennial budget process, two Special Agents to work in northern Wisconsin and a Criminal Intelligence Analyst are needed as soon as October, 1999. In addition, it is imperative that we establish a new DNE office in southwest Wisconsin, which will require a Special Agent in Charge, four Special Agents, and a Program Assistant. Because we hope for federal funding for at least two Special Agents for this new office, we are requesting GPR funding for four positions for this purpose.

Our neighbors in Minnesota, Iowa, Illinois and Missouri provide clear examples of the devastation associated with methamphetamine. We must learn from their experience. This

Senator Brian Burke, Co-Chair  
Representative John Gard, Co-Chair  
September 3, 1999  
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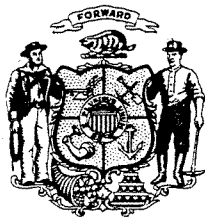
crisis can still be managed in Wisconsin, if we act now. If not, then we know that Wisconsin communities will experience more violence, child neglect, health problems, assaults on law enforcement officers and health care providers, and environmental pollution. Why would we allow this to occur? Approval of this request will demonstrate our resolve in meeting this threat, and will provide resources needed to help win this battle.

Sincerely,

A handwritten signature in cursive script that reads "James E. Doyle". The signature is written in dark ink and is positioned to the right of the typed name.

James E. Doyle  
Attorney General

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



R-1  
Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864

TOMMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

September 14, 1999

The Honorable Brian Burke  
State Senate  
316 South, State Capitol  
Madison, WI 53702

The Honorable John Gard  
State Assembly  
315 North, State Capitol  
Madison, WI 53702

Dear Senator Burke and Representative Gard:

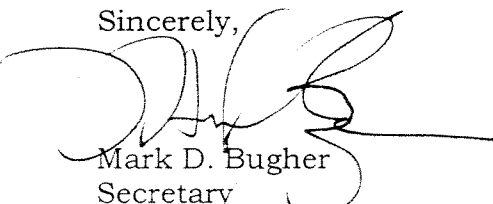
Attached is our report as required under s. 16.50, Wisconsin Statutes, on the number of federally funded positions approved during the April 1 - June 30 1999 quarter. Also shown are changes in positions approved by the UW-System and by the Legislature during the same period. There were 21.07 federal positions approved in the quarter and 12.64 deleted for a net increase of 8.43 FTE.

Of the new federal positions created, the Department of Natural Resources received 3.0 FTE from the EPA Superfund Core grant, the Department of Justice received 3.5 FTE through the High Intensity Drug Trafficking Area grant, and University of Wisconsin received 14.57 FTE.

Also attached is our report on the surplus positions created for the same quarter.

We would be happy to answer any questions you may have on these reports.

Sincerely,



Mark D. Bugher  
Secretary  
Attachments (2)

REPORT ON POSITIONS AUTHORIZED - APRIL 1 TO JUNE 30 1999

Agency	Budgeted Positions for FY99*(3/31/99)		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 6/30/99
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Administration	1,120.16								1,120.16
GPR	171.71								171.71
PRO/PRS	864.84								864.84
Federal	70.41								70.41
SEG	13.20								13.20
Adolescent Pregnancy Prevention and Pregnancy Services Board									
GPR	1.50								1.50
	1.50								1.50
Aging and Long-Term Care									
GPR	24.99								24.99
PRO/PRS	15.54								15.54
	9.45								9.45
Agriculture, Trade & Consumer Protection									
GPR	712.08								712.08
PRO/PRS	317.86								317.86
Federal	259.67								259.67
SEG	66.85								66.85
	67.70								67.70
Arts Board									
GPR	13.40								13.40
PRO/PRS	5.00								5.00
Federal	1.00								1.00
	7.40								7.40
Child Abuse & Neglect Prevention Board									
PRO/PRS	4.00								4.00
	4.00								4.00
Circuit Court									
GPR	496.00								496.00
	496.00								496.00

REPORT ON POSITIONS AUTHORIZED - APRIL 1 TO JUNE 30 1999

Agency	Budgeted Positions for FY99*(3/31/99)		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 6/30/99
			Adds	Deletes	Adds	Deletes	Adds	Deletes	
Commerce	455.00								455.00
GPR	85.85								85.85
PRO/PRS	245.50								245.50
Federal	28.45								28.45
SEG	95.20								95.20
Corrections	8,577.27								8,585.77
GPR	7,085.20								7,085.20
PRO/PRS	1,490.07	8.50							1,498.57
FED	2.00								2.00
Court of Appeals	75.50								75.50
GPR	75.50								75.50
District Attorneys	392.80								393.80
GPR	364.00								364.00
PRO/PRS	28.80	1.00							29.80
Educational Communications Board	87.50								87.50
GPR	61.75								61.75
PRO	25.75								25.75
Elections Board	13.00								13.00
GPR	13.00								13.00
Employe Trust Funds	174.85								174.85
SEG	174.85								174.85
Employment Relations Commission	33.50								33.50
GPR	28.50								28.50
PR	5.00								5.00



REPORT ON POSITIONS AUTHORIZED - APRIL 1 TO JUNE 30 1999

Agency	Budgeted Positions for FY99*(3/31/99)		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 6/30/99
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Employment Relations Department	89.50								89.50
GPR	80.05								80.05
PRO/PRS	8.45								8.45
FED	1.00								1.00
Ethics Board	6.00								6.00
GPR	3.00								3.00
PRO/PRS	3.00								3.00
Financial Institutions	168.50								168.50
PR	168.50								168.50
Governor's Office	43.05								43.05
GPR	46.05								46.05
PR	-3.00								-3.00
Health and Family Services	6,402.65								6,413.65
GPR	1,880.12								1,880.12
PRO/PRS	3,549.72				1.00				3,550.72
Federal	970.83								970.83
SEG	11.98								11.98
Higher Educational Aids Board	22.00								22.00
GPR	11.50								11.50
PR	5.50								5.50
SEG	1.50								1.50
FED	3.50								3.50

REPORT ON POSITIONS AUTHORIZED - APRIL 1 TO JUNE 30 1999

Agency	Budgeted Positions for FY99*(3/31/99)		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 6/30/99
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Historical Society	183.15								183.65
GPR	146.50								146.50
PRO/PRS	27.05								27.05
Federal	6.35								6.35
SEG	3.25						0.50		3.75
Insurance	124.00								124.00
PRO	111.25								111.25
SEG	12.75								12.75
Investment Board	101.50								101.50
PRO	101.50								101.50
Judicial Commission	2.00								2.00
GPR	2.00								2.00
Justice	564.90								568.40
GPR	407.90								407.90
PRO/PRS	141.25								141.25
Federal	13.00			3.50					16.50
SEG	2.75								2.75
Legislature	829.97								580.00
Legislators - GPR	132.00								132.00
Assembly Staff - GPR	253.50								253.50
Senate Staff - GPR	194.50								194.50
Legislative Technology Services- GPR	21.00								21.00
Retirement Committee - GPR	3.00								3.00
Revisor of Statutes - GPR	11.00								11.00



REPORT ON POSITIONS AUTHORIZED - APRIL 1 TO JUNE 30 1999

Agency	Budgeted Positions for FY99*(3/31/99)		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 6/30/99
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Public Instruction	618.95								618.95
GPR	327.36								327.36
PRO/PRS	80.87								80.87
Federal	210.72								210.72
Public Lands	10.00								10.00
PR	10.00								10.00
Public Service Commission	191.75								191.75
PRO/PRS	190.75								190.75
Federal	1.00								1.00
Regulation and Licensing	148.50								148.50
PRO	148.50								148.50
Revenue	1,298.85								1,298.85
GPR	908.25								908.25
PRO/PRS	255.10								255.10
Federal	0.00								0.00
SEG	135.50								135.50
Secretary of State	7.50								7.50
PRO	7.50								7.50
State Fair Park Board	47.70								47.70
PRO	47.70								47.70
State Treasurer	15.50								15.50
PRO/PRS	15.50								15.50

REPORT ON POSITIONS AUTHORIZED - APRIL 1 TO JUNE 30 1999

Agency	Budgeted Positions for FY99*(3/31/99)		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 6/30/99
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Supreme Court	190.00								190.00
GPR	112.00								112.00
PRO/PRS	73.00								73.00
SEG	5.00								5.00
TEACH	6.00								6.00
GPR	6.00								6.00
Transportation	3,894.95								3,894.95
PRO/PRS	17.00								17.00
Federal	947.12								947.12
SEG	2,930.83								2,930.83
Tourism	62.25								62.25
GPR	58.25								58.25
PR	1.00								1.00
SEG	3.00								3.00
University of Wisconsin	28,031.32								28,047.47
GPR	18,259.75								18,259.75
PRO/PRS	5,917.30				19.15	-7.93			5,928.52
Federal	3,767.58				14.57	-9.64			3,772.51
SEG	86.69								86.69
U.W. Hospitals & Clinic Board	1,556.71								1,556.71
PR	1,556.71								1,556.71
Veterans Affairs	822.80								822.80
GPR	6.30								6.30
PRO/PRS	693.74								693.74
SEG	117.26								117.26
FED	5.50								5.50

REPORT ON POSITIONS AUTHORIZED - APRIL 1 TO JUNE 30 1999

Agency	Budgeted Positions for FY99*(3/31/99)		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.*		Totals as of 6/30/99
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Wisconsin Technical College									
System	83.30								83.30
GPR	38.65								38.65
PRO/PRS	13.00								13.00
Federal	31.65								31.65
Workforce Development									
GPR	2,487.35								2,487.35
PRO/PRS	303.74								303.74
Federal	711.74								711.74
SEG	1,464.37								1,464.37
	7.50								7.50
TOTALS	64,038.61		17.00	-3.00	33.72	-17.57	0.50	0.00	64,069.26
GPR	33,311.99		0.00	0.00	0.00	0.00	0.00	0.00	33,311.99
PRO/PRS	17,079.85		2.00	0.00	19.15	-7.93	0.00	0.00	17,093.07
Federal	8,289.46		6.50	-3.00	14.57	-9.64	0.00	0.00	8,297.89
SEG	5,357.31		8.50	0.00	0.00	0.00	0.50	0.00	5,366.31

REPORT ON SURPLUS POSITIONS AUTHORIZED  
APRIL 1 TO JUNE 30 1999

Agency	C Unclassified Service Leaves	D, E Medical, Education or Personal Leaves	A, B, I, X Double-filled Positions	Reason for Double-fill
Administration PR		-1.0		
DATCP GPR FED		-5 -5	-1.0	
Corrections GPR			10.0	Incumbent retiring (6.0), Medical leave of absence (4.0)
District Attorneys GPR		2.0		Leave of absence
Educational Communications Board PR		1.0		Leave of absence
Health and Family Services GPR PR			2.3, -2.0	
Justice GPR PR FED SEG	-1.0	1.0, -1.0 -45 1.0, -55		
Natural Resources FED SEG			1.0 1.0, -.75	Incumbent retiring Incumbent retiring
Public Instruction, Dept of GPR			.80	Employe on ICI
State Historical Society GPR			1.0	Employe on ICI
Transportation FED SEG			.5 47.5	Incumbent Retiring Recruitment for State Patrol training

REPORT ON SURPLUS POSITIONS AUTHORIZED  
 APRIL 1 TO JUNE 30 1999

Agency	C		D, E		A, B, I, X Double-filled Positions	Reason for Double-fill
	Unclassified Service Leaves	Medical, Education or Personal Leaves				
Workforce Development						
GPR		.213				Extended leave of absence
FED		.787	1.0			Incumbent retiring

Pool Code Types

- A= Understudy, 3 months or longer.
- B= Overlap replacement, less than 3 months for on-the-job training.
- C= Leave of absence replacement. Temporary hire during permanent employee's authorized leave to unclassified service.
- D= Leave-of-absence designation when permanent employee's authorized leave is less than 12 months.
- E= Leave-of-absence replacement. Temporary hire during permanent employee's authorized leave which is expected to last more than 12 months.
- I= Extended illness or worker's compensation (employee using accumulated sick leave or being paid through worker's compensation).
- X= DOA approved hire in anticipation of attrition (high turnover positions).