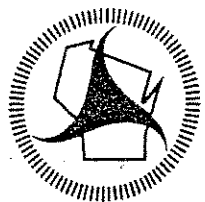


B

II. Department of Transportation – Robert J. Cook, Executive Assistant and Patrick J. Riopelle, Section Chief State Highways and Local Assistance

Pursuant to s. 84.03(2), Wisconsin Statutes, the department requests approval of its plan to adjust state fiscal year 2000-01 appropriations to reflect the most recent estimates of federal funds appropriated to the department.



Wisconsin Department of Transportation
www.dot.state.wi.us

Tommy G. Thompson
Governor

Terrence D. Mulcahy, P.E.
Secretary

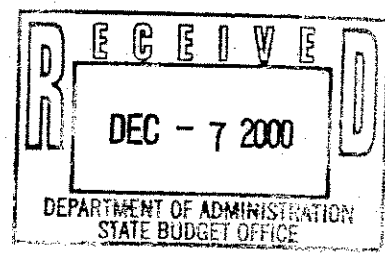
Office of the Secretary
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November 29, 2000

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The Honorable Brian Burke
Wisconsin State Senator
Joint Committee on Finance
316 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

The Honorable John Gard
Wisconsin State Representative
Joint Committee on Finance
315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952



Dear Senator Burke and Representative Gard:

Summary of Request

Section 9148 of 1997 Wisconsin Act 86 requires that the Department of Transportation submit a proposed federal expenditure plan to the Joint Committee on Finance for the fiscal year if the difference between the estimated amounts included in the Chapter 20 appropriations schedule and the actual amount received from the federal government are less than or greater than 5 percent. The Department is submitting a plan for how it will appropriate federal-aid highway funds under s. 20.395, since the variance for State Fiscal Year 2001 is greater than 5 percent. Statutes require the Department to submit its recommendations no later than December 1.

Federal Fiscal Year 2001 Federal Expenditure Plan

The Department requests the Joint Committee on Finance increase the following appropriations:

- Appropriation 246 (Local roads for job preservation, federal funds) in Fund 11 (Transportation Fund) by \$8,000,000;
- Appropriation 276 (Local transportation facilities assistance, local funds) by \$3,354,000 (Note: This amount reflects \$2,524,200 for the local match of the Janesville Road Project and \$829,800 to meet the TEA-21 local match requirement reflected in the increase to Appropriation 286 below);
- Appropriation 383 (State highway rehabilitation, federal funds) by \$23,370,200;
- Appropriation 382 (Major highways, federal funds) by \$3,000,000;
- Appropriation 385 (Highway maintenance, repair and traffic operations, federal funds) by \$473,300;
- Appropriation 481 (Department management and operations, federal funds) by \$1,696,300;

- Appropriation 257 (Rail passenger service, federal funds) by \$500,000;
- Appropriation 286 (Local transportation facilities, federal funds) by \$4,148,900;
- Appropriation 259 (Transportation enhancement activities, federal funds) by \$508,100; and
- Appropriation 258 (Transportation enhancement activities, local funds) by \$100,000 in order to maintain an 80/20 federal/local split as required under TEA-21.

Other Included Federal Programs

Under the language of **1997 Wisconsin Act 86**, “amount of federal funds” is defined as “revenues received under the federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) as amended...” As a result, the Department is including in its Federal Fiscal Year 2001 expenditure plan requested adjustments to accommodate categorical programs authorized in the Transit and Transportation safety titles of the Transportation Equity Act for the 21st Century (TEA-21) and the recently enacted federal airport improvement act, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21). These programs carry their own federal expenditure authority and must be used for specific purposes. Therefore, the increases associated with these programs are over and above the Department’s estimate of highway obligation authority.

The Department requests that:

- Appropriation 182 (Transit and demand management, federal funds) be increased by \$15,488,800;
- Appropriation 284 (aeronautics assistance, federal funds) be increased by \$28,900,000; and
- Appropriation 274, (Aeronautics assistance, local funds) be increased by \$1,445,000 in order to reflect federal local match requirements.

Background of Request

Wisconsin anticipates receiving approximately \$544,261,400 of federal-aid highway funds for FFY 2001. This amount includes:

- ◆ Wisconsin’s receipt of \$530,888,800 as its share of highway obligation authority in the recently enacted Transportation Appropriations bill, P.L. 106-346, signed by the President on October 23, 2000;
- ◆ Wisconsin’s receipt of \$1,372,600 of federal discretionary funds. Discretionary funds are those that states and territories must compete for on a national basis. The awards are made by the Federal Highway Administration (FHWA) and are usually one-time in nature;
- ◆ Wisconsin’s receipt of \$11,500,000 of earmarked federal-aid highway funds, which were also reflected in the recently enacted Transportation Appropriations bill (P.L. 106-346). Federal earmark funds are specific funding amounts for targeted projects and are usually one-time in nature;

- ◆ Wisconsin's receipt of \$500,000 from the Military Construction Appropriations Bill (P.L. 106-246) which included supplemental transportation provisions. The Department received \$500,000 for a planning study relating to USH 8.

The anticipated amount of \$544,261,400 is 8.3 percent above the estimated federal highway-aid amount (\$502,564,600)¹ in Chapter 20.395. Chart 1 compares Chapter 20 base funding levels against anticipated federal funding levels for SFY 2001.

Chart 1: SFY 2001 Adjustments to Base Funding

Category	Chapter 20.395 Amounts	TEA-21 Amounts	Adjustments to Base
Base Level Funding	\$502,564,600	\$530,888,800	\$28,324,200
Discretionary Funds	N/A	\$ 1,372,600	\$ 1,372,600
Earmarked Funds	N/A	\$ 12,000,000	\$12,000,000
Totals	\$502,564,600	\$544,261,400	\$41,696,800

State Fiscal Year 2001 Expenditure Plan

The Department's proposed funding split among various programs such as Rehabilitation Program, Major Projects, Local Highway Improvement, Enhancements, etc., reflects a decision to adhere to three primary policy goals:

- ◆ Meet legislative intent as reflected in Chapter 20.395 distribution of federal funds among state and local programs;
- ◆ Meet the program requirements of TEA-21, including a federal mandate (Section 164) that requires the transfer of federal-aid highway construction funding to Section 402 Safety Programs and to Section 152 Hazard Elimination Safety Program (HES); and
- ◆ Meet the financial needs of ongoing high priority programs.

Legislative Intent as Reflected in Chapter 20.395

Currently, the funding split between state and local programs that are eligible to use federal-aid highway funds is 75 percent state and 25 percent local. For the SFY 98 and SFY 99 federal expenditure plans, the split was 73 percent state/27 percent local. The increase on the state side may be attributable to two factors. First, only certain state and local programs are eligible to use federal-aid highway funds and some programs are more dependent on federal funds than others. For example, 54 percent of the Highway Improvement Program is funded with federal funds which makes it sensitive to increases and decreases in federal funding. The Highway Improvement program includes Major Highway Projects, the Rehabilitation Program, Local Highways, and the Local Bridge Program.

¹ The Chapter 20.395 federal base amount does not reflect \$1.0 million in interstate substitution funds (ICE) which are one-time funds for a grant to the Department of Natural Resources to construct a bicycle and pedestrian facility at Milwaukee Lakeshore Park.

The second reason relates to the first. Inasmuch as major programs like Transit and General Transportation Aids (GTA) can only be funded with transportation fund dollars (SEG), the Legislature's prerogative has sometimes been to fund programs like Rehabilitation and Major Projects with more federal funds, thus making available additional SEG dollars for programs that are exclusively SEG funded, e.g. GTA. Because Rehabilitation is the largest of the appropriations, the Legislature has decided in the past to take out of this program SEG dollars and replace them with additional federal funds, thus increasing the share of federal funds to total funding within the appropriation. As a result, funding between the state and local programs may shift more to the state side.

TEA-21: Section 164 Mandate

The FFY 2001 federal expenditure plan must meet the Section 164 requirement of TEA-21. TEA-21 created a federal mandate to penalize states that failed to enact or enforce drunk driving laws that met or exceeded a variety of penalties for repeat drunk drivers. TEA-21 gave states until September 30, 2000, to fully comply with the Section 164 criteria. Failure to enact state laws that met all of the Section 164 minimum penalties would result in the transfer of 1.5 percent of the state federal highway construction aids in FFY 2001 to the state Section 402 Alcohol Safety Program and/or Section 152 Hazard Elimination Safety Program (HES).

Failure to comply by September 30, 2001, will result in another 1.5 percent transfer in FFY 2002. Failure to comply in FFY 2003 and beyond will result in a 3 percent transfer. Currently, 21 states comply with the Section 164 requirements. The amount of obligation authority affected in this plan is \$4,898,100. Details on how the Department proposes to implement the transfer of funds are provided later.

Address High Priority Program Financial Needs

Unlike the SFY 99 federal expenditure plan, where a total of \$125 million was available for distribution for federal-aid highway-eligible state and local projects, the SFY 2000 plan has only \$28.32 million of formula funds for distribution between state and local programs. Discretionary and earmark funds are for targeted purposes and are not ongoing in nature. With limited funds to allocate between programs, the Department was forced to determine which programs merited first consideration.

Local Roads For Job Preservation Program: Janesville Road Project

The Janesville Road project is estimated to be \$13,524,500. The estimate includes the cost of the design, engineering, right-of-way acquisition and construction of the project. Actual construction will begin in calendar year 2001. **The Department recommends that \$8 million of FFY 2001 federal formula funds be used for the Janesville Road Project.** The remaining funds for the project will come from a \$3.0 million federal demonstration grant (which was awarded in a previous federal fiscal year) and \$2,524,500 from the City of Janesville. (The minimum match requirement is \$2.2 million.) Since federal funds are being used on the project, the Department will ensure that all federal regulations and guidelines are met and that a project agreement is developed with the City of Janesville.

1999 Wisconsin Act 146 created the Local Roads for Job Preservation Program. The law provides that the Department may award grants, upon application, to any city, village, town or county for any local road project where the Department determines that the municipality may lose 5 percent or more of their workforce.

Eligible projects include the development, construction, repair or improvement of any streets under the authority of cities or villages, county trunk highways, and town roads. The grantee is required to provide a 20 percent match toward the cost of the project. The match may not be reimbursed under the Local Roads Improvement Program (LRIP). Four new appropriations were created to fund the program:

- a GPR appropriation;
- a federal funds appropriation;
- a GPR appropriation for principal repayment and interest; and
- an appropriation for general obligation bonding. The Department may not award more than \$10 million under this program.

Under **Act 146**, the Department may recommend the use of federal-aid highway funds and seek the approval of the Joint Committee on Finance. The Legislative Fiscal Bureau, in examining funding mechanisms for this program, determined that federal funds could be recommended as part of the Department's requirements under Act 86, i.e. federal funds above the 5 percent threshold could be made available for the Local Roads for Jobs Preservation Program.

Department analysis has determined that the Janesville Project is eligible for funding under this program. The project includes: widening and reconstruction of Beloit Avenue and Kellogg Avenue, the construction of a new road that parallels the Union Pacific Railroad, and the construction of a new rail underpass. All the improvements meet the definition of "local road" and are maintained by the City of Janesville. The project is designed to improve vehicle access to the General Motors (GM) Assembly Plant in Janesville.

Truck traffic serving GM currently makes use of existing local streets where delays occur because of traffic congestion, train crossings, driveway congestion and the large number of intersections that must be negotiated. Improvements are needed to create a more direct route for suppliers to the GM plant. Approximately 25 percent of the traffic surrounding the GM plant consists of heavy trucks. The project will help reduce truck traffic on local residential streets. The project enjoys the support of the Janesville Common Council, who will provide the 20 percent local match requirement.

Discretionary and Earmark Funds

Discretionary Awards

The Department received three separate discretionary awards from FHWA:

- **Public Lands Highway Program:** the Department was awarded \$400,000 for use on CTH GG in the Chequamegon National Forest in Ashland County. The funding will be used to replace deficient culverts, repair existing road base and rehabilitate the existing roadway. The total project length is 5.8 miles.
- **Scenic Byways Program:** the Department was awarded \$473,300. The funds will be used to provide seed money for outreach efforts, a marketing plan and site improvements, and final design for a Scenic Byways Learning Center located in Prescott, Wisconsin, on a Mississippi River Bluff adjacent to State Highway 35.
- **Innovative Bridge Program:** the Department was awarded \$499,300. The funds will be used for innovative bridge materials for a bridge near the City of Fond du Lac and STH 26. The Department will be able to use a novel fiber reinforced polymer composite bridge deck system that we anticipate will provide long term savings and serve as a model for other bridge projects. The funding will also support a University based evaluation of the project.

Federal Highway-aid Earmark Funds

The Department received five federal-aid highway earmark awards in the Transportation Appropriations bill and one earmark from the Military Construction and Supplemental Appropriations bill:

- \$3,000,000 from the National Corridors Program to be used on the USH 29 Chippewa Fall Bypass. The bypass is an important part of the state's long term effort to upgrade USH 29 from a two-lane to a four-lane highway.
- \$500,000 from the Federal Railroad Administration (FRA) Section 1103 Program for upgrading rail crossings on the Madison to Milwaukee corridor.
- \$1,000,000 for an Intelligent Transportation Systems (ITS) project. This earmark is for the Department's Commercial Vehicle Information Systems Network (CVISN) which uses technology to help prevent crashes and congestion. The funding will help upgrade computers, enabling enhanced performance of a central data base, and will facilitate better vehicle-to-roadside communications and safety information exchange at major inspection sites.
- \$3,000,000 for preliminary design work associated with the I-39/USH 51/STH 29 corridor in and around the City of Wausau. A total of \$36 million was earmarked for

this project. The Department is requesting the use of \$3 million for preliminary design work. The remaining \$33 million will be available for the project as it carries its own obligation authority. The Wausau Beltline project has not been enumerated. However, it is anticipated that the Transportation Projects Commission (TPC) will recommend it for enumeration in December 2000, that the Governor will include it in his 2001-03 biennial budget submission, and that the Legislature will enumerate the project. The Department proposes that the funds be placed in sec. 20.395. (3) (cx), Stats., so that preliminary design work can begin now on aspects of the project not directly related to the major project.

- \$4,000,000 from the National Corridors Program for work on USH 10 between Freemont and U.S. 45. The project will expand USH 10 from a two-lane roadway to a four-lane divided roadway. The new roadway will be constructed along a new alignment south of existing USH 10.
- \$500,000 for a planning study associated with Highway 8. These funds were earmarked from the Military Construction Appropriations bill (P.L.106-246). The Department anticipates that the funds will be used in FFY 2001.

Earmarks Not Reflected in FY 2001 Expenditure Plan: Kickapoo Reserve and Midwest Regional Rail Initiative

Kickapoo Reserve

The FFY 2001 Energy and Water Appropriations bill provided \$2 million for roadway projects in the Kickapoo Reserve. The roadways, STH 131 and CTH's P and F in Vernon County, are under the jurisdiction of the U.S. Corps of Engineers (COE). The COE is responsible for completing roadway work and environmental mitigation prior to transferring the property to the State of Wisconsin and the Ho-Chunk Nation as specified in the 1996 Water Resources Development Act

The \$2 million congressional appropriation provided in FFY 2001 is in addition to prior years' appropriations of \$4.5 million, bringing the total that could be spent on the roadway to \$6.5 million. The Department is prepared to let the contract for some of the work (the total cost of this project is over \$17 million) in 2001. The Department and the COE have negotiated a Relocation Contract. The purpose of this contract is to transfer the appropriate funds from the COE to the Department.

While the relocation agreement has been approved effective November 6, 2000, the Department cannot be certain that the \$6.5 million will be available in FFY 2001 to begin the Kickapoo Reserve roadway projects. Once the funds are released by the COE, the Department will report back to the Committee on this project.

Midwest Regional Rail Initiative (MWRRI)

The FFY 2001 Transportation Appropriations bill provided \$1 million for preliminary engineering and design for the MWRRI. This earmark is for the Milwaukee to Madison corridor. It is possible that other states will be eligible for a portion of the earmark. However, the Department expects that the majority of the congressional earmark will be used for the Milwaukee to Madison corridor. The Department will report back to the Committee when the exact amount of the earmark for Wisconsin is known.

Distribution of FFY 2001 Formula Funds

As noted earlier, the Department is recommending that the first \$8 million of the \$28,324,200 in formula funds [which includes the revenue aligned budget authority (RABA)] be placed in the Local Roads for Job Preservation Program to fund the Janesville Road Project. This would leave \$20,324,200 to be distributed between the state and local federal-aid highway-eligible programs as identified in Chapter 20.395. Based on a 75 percent/25 percent state/local split, the state share would be \$15,243,100 and the local share would be \$5,081,100.

State Programs: Rehabilitation Program

The Department proposes that the state share of the formula funds (\$15,243,100) be placed in the Rehabilitation Program. Having adequate funding for expanding program needs remains a high priority. Increased funding for the Rehabilitation Program is needed for three reasons:

- Corridors 2020 Backbone system needs must be addressed;
- The implementation of NR 216 resulted in higher stormwater costs; and
- Inflationary adjustments in the 1999-01 biennium were below what was needed to maintain the program's purchasing power.

Improvement needs on the Corridors 2020 Backbone system are significantly greater than the funding currently available to address them. Corridors 2020 Backbone highways carry over 60 percent of the traffic on the State Trunk Highway System, and on an annualized basis over the current program, projects proposed for construction exceed funding by over \$45 million per year.

NR 216 is an administrative rule that has increased the costs of highway construction projects by requiring enhanced stormwater management and testing pursuant to the federal Clean Water Act. Design and construction costs have increased by over \$5 million per year due to the increased safeguards implemented through a cooperative agreement negotiated between the Department of Natural Resources (DNR) and the Department of Transportation.

The Rehabilitation Program has not received adequate inflationary adjustments to maintain the program's purchasing power. Inflationary increases of 3 percent in SFY 2000 and SFY 2001 would have been needed to offset a reduction in purchasing power.

However, the Rehabilitation Program received inflationary increases of 2.1 percent per year in the last budget. The difference between the 2.1 percent per year inflationary increases and a 3 percent per year increase amounted to \$24.8 million. This additional increase would have been needed to maintain the purchasing power of the Rehabilitation Program in the current biennium.

Rehabilitation Program and National Recreation Trails

The National Recreational Trails Act (NRTA) provides funding for both motorized and non-motorized recreational trails. The NRTA was passed along with the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991. In previous years, the money was treated by FHWA as having its own obligation authority, and in Wisconsin it was sent directly to the Department of Natural Resources (DNR) from FHWA. With passage of TEA-21, NRTA funding was changed and no longer carries its own obligation authority. The funds must now pass through the Department of Transportation to the DNR. The Department has a mechanism in place for the transfer of funds to DNR and has used this mechanism to transfer the funds since SFY1999, when the policy change took place. The precise amount of NRTA funding for FFY 2001 is not known at this time as FHWA has not released the final amounts. The Department is estimating that NRTA funding for FFY 2001 will be \$974,000.

Local Programs: Local Highway Projects

The Department is requesting that \$4,148,900 of the local share of funding be placed in the Local Highway Transportation Facilities appropriation (286) to meet the backlog of construction projects on the STP-rural and STP-urban systems. There is not adequate funding to address all the needs on these systems. For example, in this current programming cycle, in urban areas of 50,000 in population, a total of 79 projects requested funding while 34 were approved. On the STP-rural side, 187 projects were requested and 124 received funding. To meet TEA-21 federal 80/20 state/local match requirements, the Department is requesting that Appropriation 276 be increased by \$829,800.

Enhancement Program

The Department is proposing an increase of \$508,100 in the Enhancement Program. The current FY 01 Chapter 20 base-level funding is \$6,248,000. If approved, the base-level funding would be \$6,748,000. The Department also requests that the local funds appropriation (258) be increased by \$100,000 to maintain the 80/20 federal/local funding split. **Please see Appendix A for a complete breakout of funding between federal-aid highway-eligible appropriations.**

Implementing the TEA-21 Section 164 Mandate

As noted earlier, Wisconsin is required to transfer funds from the Section 164 program (Minimum Penalties for Operating While Intoxicated (OWI) Repeat Offenders) to the Section 402 Safety program and/or the Section 152 Hazard Elimination Safety program for failure to enact specific state laws. The funds affected under this plan equal \$4,898,100. The Department requests that \$3,292,800 (or two-thirds of the transfer) go to

the HES program and \$1,696,300 (or one-third of the transfer) to Section 402 Safety program.

The Department recommends that the Section 164 transfer occur as follows: For the safety programs, transfer \$1,272,200 from Appropriation 383 (Rehabilitation Program) and \$424,100 from Appropriation 286 (Local Transportation Facilities Appropriation) to Appropriation 481 (Department management and operations, federal funds). The Section 402 Safety Program is funded out of the 481 Appropriation. The funding split reflects a 75 percent/25 percent split between state and local federal-aid-eligible programs in Chapter 20.395.

The Department's Bureau of Transportation Safety (BOTS) plans to use the \$1,696,300 in Section 164 funds as follows: 1) Corridor Safety Program (\$530,000); 2) Safe Rider Program (\$300,000); 3) Mobile Eyes Program (\$300,000); and 4) Evaluations and Studies. The remainder of the funding will be used to conduct studies and evaluations of the effectiveness of ignition interlock devices, alternatives for incarceration for OWI offenders and a GPS/GIS Data Study which is aimed at securing data that can be used for education, prevention and enforcement.

For the HES program, it will not be necessary to transfer funds between appropriations. Currently, projects funded under the HES program are funded out of Appropriation 383 (Rehabilitation) and/or 286 (Local Transportation Facilities). As a result, it is not necessary to transfer the funds to another appropriation. The Department has funding within its current and proposed base increases to meet the federal requirements. As projects are completed, funding for the HES projects will be paid out of the Rehabilitation Appropriation or Local Transportation Facilities Appropriation, depending on whether they are on the state or local highway system. Descriptions of the HES and Safety programs follow. (See Appendix A for details.)

The overall objective of the HES program is to develop and implement safety projects designed to reduce the number and severity of crashes on highways. All state and local highway systems are eligible for HES projects. Hazard elimination projects are intended to employ relatively inexpensive countermeasures to correct hazardous situations on highways. Current program funding levels range from \$10-\$11 million per year.

To provide adequate time for project planning and development, the HES program spans four years (currently 2000-2003). Solicitation of projects to the HES program takes place every two years. All HES projects, whether state or local, are solicited in odd numbered years. A joint state and local committee is in place to review and recommend projects to the HES program. Typical projects funded under the HES program include: installation/modification of traffic signals, installation of signs or flashing warning lights, straightening of isolated curves or hills, construction of turning, bypass or other auxiliary lanes, intersection channelization, and the installation of guardrails.

Section 2001 of TEA-21 reauthorized the state and community highway safety formula grant program (Section 402 of Chapter 4 of Title 23) to support state highway safety programs, designed to reduce traffic crashes and resulting deaths, injuries and property damage. A state may use these grant funds only for highway safety purposes. Additionally, at least 40 percent of these funds are to be used to address local traffic safety problems. States must submit a performance plan, which establishes goals and performance measures to improve highway safety in the state, and a highway safety plan, which describes activities to achieve those goals in order to be eligible for funding.

Non-Highway Programs Funded Under TEA-21

Public Transit & Capital Operations

The Department estimates that \$35,448,800 in funding from public transit categories will need to be reflected in its SFY 2001 budget to provide operating and capital assistance to local transit systems. The FFY 2001 estimate reflects formula funding categories and funding earmarked for Wisconsin in the current federal fiscal year appropriations bill. Four principal programs provide the bulk of funding for transit capital and operating expenses: Section 5309 (Discretionary Capital funds); Section 5307 (Urban Formula funds); Section 5311 (Rural and Non-Urban Formula funds); and Section 5310 (Elderly and Disabled Formula funds). Wisconsin also received funding from the Jobs Access and Reverse Commute program.

Other amounts administered directly by larger transit systems, i.e. Madison and Milwaukee, are not reflected in the Department's budget. For FFY 2001, Milwaukee received \$19,405,600 and Madison \$4,963,900 in Section 5307 formula funds for use on capital and operating expenses. Milwaukee received \$14,000,000 in Section 5309 bus earmarks. Madison received \$713,100 in fixed guideway funding. Milwaukee will also receive \$1,500,000 of the \$4,700,000 Jobs Access and Reverse Commute funds awarded to Wisconsin.

The following table provides a re-estimate of federal transit operating and capital funds the Department will need reflected in SFY 2001. The re-estimates will be reflected in Appropriation 182, (Transit and demand management aids, federal funds). The Department requests that Appropriation 182 be increased by \$15,448,800. Table 1 compares the current with the proposed new base.

Table 1: Federal Transit Funding: Proposed New SFY 2001 Base

Appropriation	Current Base Funding	Proposed Increase	New SFY 2001 Base Amount
182	\$20,000,000	\$15,448,800	\$35,448,800

Federal Aeronautics Assistance Program: AIR-21

Federal aid for airport development in the state is provided through the Airport Improvement Program (AIP) and is available through grants from the Federal Aviation

Administration (FAA) for primary commercial airports and through grants issued by the Bureau of Aeronautics to all other eligible general aviation airports through a State Block Grant Program. The types of projects eligible for federal funding include: pavement reconstruction and lighting replacement; runway construction, widening and extension; land acquisition; and navigational landing aids and runway lighting.

Federal funds for airport development are appropriated by Congress from the Airport and Airway Trust Fund through the FAA. These funds are generated by air transportation users in the form of taxes on airline fares, air freight, aviation fuel, aircraft-related items, and aircraft registration fees.

A three-year federal reauthorization bill for AIP was enacted on April 5, 2000. This legislation, better known as the Aviation Investment and Reform Act for the 21st Century (AIR-21), provides a long-term federal funding commitment to airports and authorizes funding for improvements nationwide at \$3.2 billion in FFY 2001, \$3.3 billion in FFY 2002, and \$3.4 billion in FFY 2003.

In any year that the federal program is funded at or above \$3.2 billion, the minimum entitlement grant for primary airports in Wisconsin will increase to \$1 million and entitlements for those airports above the minimum will double. The amount of federal discretionary funding available for primary commercial service airport projects is also expected to increase significantly. The amount of federal funding dedicated to the state block grant program for general aviation airports will be increased from 18.5 percent to 20 percent of the program, and a new program within the state block grant program will provide additional federal entitlements ranging from \$10,000 to \$150,000 for 37 of the state's general aviation airports.

The recently passed Aeronautics Appropriations bill (AIR-21) provides \$3.2 billion for AIP in FY 2001. As a result, federal funding available for airport development in Wisconsin is expected to total approximately \$48.9 million in FY 2001. This funding level includes:

- \$18.3 million in entitlement funds for Wisconsin's eight primary commercial service airports;
- \$6.8 million in Block Grant funds for general aviation airports;
- \$2.0 million in general aviation entitlement funds; and
- \$21.8 million in discretionary funds for commercial service and general aviation airports.

Examples of projects expected to receive federal discretionary funds in FY01 include:

- Austin Straubel International Airport (Green Bay) - \$2.2 million for taxiway construction.

- Dane County Regional Airport (Madison) - \$4 million for apron expansion and reconstruction.
- General Mitchell International Airport (Milwaukee) - \$9.7 million for noise mitigation and taxiway construction.
- LaCrosse Municipal Airport (LaCrosse) - \$2.9 million for runway reconstruction and deer fencing.

The Department requests that Appropriation 284 (Aeronautics assistance, federal funds) be increased by \$28.9 million to reflect Wisconsin's share of FFY 2001 AIR-21 federal funds. Table 2 compares current base amounts with the proposed new SFY 2001 base. The Department also requests that Appropriation 274 (Aeronautics assistance, local funds) be increased by \$1,445,000 to reflect local match requirements for federal aeronautics programs.

Table 2: Proposed Aeronautics SFY 2001 Increases

Appropriation	Current Base	Proposed Increase	New FY 2001 Base
284	\$20,000,000	\$28,900,000	\$48,900,000
274	\$6,895,200	\$1,445,000	\$8,340,200

How the Request Meets Statutory Criteria

Act 86 required the Department to submit a State Fiscal Year 2001 federal expenditure plan to the Joint Committee on Finance by December 1. This proposal fulfills the statutory requirement.

Planned Activities, Establishment of Base for 2001-2003

After approval of the request, the Department will prepare the appropriate budget allotments and submit them to the Department of Administration's State Budget Office for processing. The Department has not yet submitted 2001-2003 budget recommendations for its highway and local assistance programs pending the Committee's action on this plan. The Department is requesting that certain SFY 2001 appropriation increases be treated as base increases for purposes of the 2001-03 biennial budget.

The Department is also requesting a base increase for federal transit to reflect the Department's estimate of the transit funding needs for SFY 2002. This estimate reflects anticipated federal funding and previously received funds which are encumbered when received by the Department and carried forward into future fiscal years.

To meet the TEA-21 Section 164 requirements, the Department requests treating the transfer of funds to the appropriate appropriations through an annual allotment process -- i.e., at the beginning of each new federal fiscal year, allotments would be sent to the DOA State Budget Office for processing. Should the Section 164 provision be eliminated in the next reauthorization of TEA-21 or should the State pass the necessary OWI

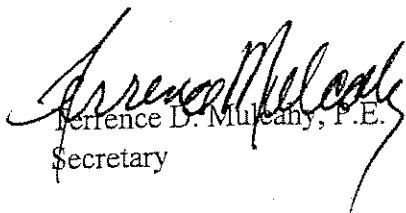
provisions so as not to require the transfer, it would no longer be necessary and the funds would remain within the appropriate appropriations.

Chart 2: Requested New Base Increases for 2001-03 Biennium

Program	Current SFY 01 Base Level	Requested Increase	New SFY 2001-03 Base Entering 01-03 Biennium
Rehabilitation Program Ch. 20.395 (3) (cx)	\$298,949,200	\$15,243,100	\$314,192,300
Local Transportation Facilities Ch. 20.395 (2) (fv)	\$34,603,200	\$829,800	\$35,433,000
Local Transportation Facilities Ch.20.395 (2) (fx)	\$71,379,700	\$4,573,000	\$75,952,800
Enhancements Ch. 20.395 (2) nx	\$6,248,000	\$508,100	\$6, 756,100
Enhancements Ch. 20.395 (2) (nv)	\$1,562,000	\$100,000	\$1,662,000
Transit Ch.20.395 (1) (bx)	\$20,000,000	\$6,500,000	\$26,500,000
Aeronautics Ch.20.395 (2) (dx)	\$20,000,000	\$28,900,000	\$48,900,000
Aeronautics Ch. 20 (2) (dv)	\$6,985,200	\$1,445,000	\$8,430,200

Thank you for your consideration. Alice Morehouse, Director of the Office of Policy and Budget (608.267.9618), will be happy to provide any additional information the Committee may require.

Sincerely,


Terrence D. Mulcahy, P.E.
Secretary

TDM:pr

APPENDIX A
DEPARTMENT OF TRANSPORTATION
PROPOSED SFY 01 FEDERAL-AID HIGHWAY EXPENDITURE PLAN

Program State Share	Chapter 20.395 SFY 01 Base	Proposed Increase	Adjusted SFY 01 Base	% Increase Over Ch. 20
Rehabilitation Ch.20.395 (3) (ex)	\$298,949,200	\$23,370,200 (1)	\$322,319,400	7.7%
Major Highways Ch.20.395 (2) (bx)	\$57,948,500	\$3,000,000 (2)	\$60,948,500	5.2%
Admin & Planning Ch.20.395 (3) (ix)	\$5,300,000	-0-	\$5,300,000	N/A
Maintenance Ch.20.395 (3) (ex)	\$1,194,000	\$473,300 (3)	\$1,667,300	39.6%
Departmental Operations Ch.20.395 (4) (ax)	\$9,959,000	\$1,696,300 (4)	\$11,655,300	17%
I/M Ch.20.395 (5) (hx)	\$2,854,800	-0-	\$2,854,800	N/A
Total	\$376,205,500	\$28,539,800	\$404,743,300	7.6%
Local Share				
Ch.20.395 Levels				
Rail Passenger Ch.20.395 (2) (ex)	\$3,675,400	\$500,000 (5)	\$4,175,400	13.6%
Highway & Local Bridge Ch.20.395 (2) (ex)	\$26,288,200	-0-	\$26,288,200	N/A
Local Transportation Facilities Ch.20.395 (2) (fx)	\$71,379,700	\$4,148,900 (6)	\$75,528,600	5.8%
Enhancements Ch.20.395 (2) (ix)	\$6,248,000	\$508,100 (7)	\$6,748,000	8%
STP-D Ch.20.395 (2) (jx)	\$2,720,000	-0-	\$2,720,000	N/A
CMAQ Ch.20.395 (2) (kx)	\$12,498,500	-0-	\$12,956,900	N/A

Railroad Crossing Improvement Ch.20 395 (2) (gx)	\$3,549,300	-0-	\$3,549,300	N/A
Sub-Total	\$126,359,100	\$5,157,000	\$129,908,400	2.8%
Total Federal Funds	\$502,564,600 (8)	\$33,696,800	\$536,261,400	6.7%

NOTE: Appendix A does not reflect \$8.0 M for the Janesville Road Project.

Footnotes:

1. Includes: \$15,243,100 in formula funds including RABA funds;
\$400,000 for GG in Chequamegon National Forest;
\$499,300 for Innovative Bridge;
\$1.0 M for ITS;
\$3.0 M for I-39 Wausau Bypass Project;
\$4.0 M for Highway 10 Project;
\$500,00 for USH 8 Study; and
a reduction of \$1,272,200 for the Section 164 transfer to Appropriation 481 for safety programs.
2. Funding for USH 29 Chippewa Bypass.
3. Scenic Byways Funding.
4. Includes funding of \$1,696,300 for safety programs (Appropriation 481) as result of Section 164 mandate, which requires transfer of funds.
5. FRA Section 1103 funds for rail crossings upgrades on Madison to Milwaukee corridor.
6. Includes \$4,573,000 in formula funds including RABA and a reduction of \$424,100 for the Section 164 transfer to Appropriation 481 for safety programs.
7. Funding designed to meet TEA-21, STP Apportionment 10% Set-a-side requirement.
8. Does not include the \$1.0 million in interstate substitution funds (ICE) to DNR for Lakeshore Park facility in Milwaukee.

Hoan Bridge - JFC 13.10 meeting

Sen. Grobschmidt, Reps. Sinicki, Richards and Plale sent the attached letter to Mulcahy asking DOT to be ready to answer questions about the Hoan Bridge at today's JFC meeting.

FB is also calling DOT to ask them to be ready to address questions about the Hoan Bridge, especially with respect to the cost of demolition and reconstruction.

So, you probably should ask DOT to come before the committee tomorrow and talk briefly about the Hoan Bridge.

It does not appear that any specific earmark is necessary for the Hoan Bridge project at the 13.10 meeting. WisDOT has at least \$550 million to spend on statewide highway and bridge rehabilitation projects in 2001. I'm sure they can fund work on the Hoan Bridge project for the time being. Once actual costs are known a specific earmark or transfer of funds may be in order at the next quarterly 13.10 meeting or during budget deliberations. In addition, I believe the USDot may be able to help with some emergency funding.

So, the Hoan Bridge project is definitely an emergency and needs to be taken care of as soon as possible, but I don't believe any specific JFC action today would help speed that process along. (note: of course, if WisDOT says differently, then a motion will need to be worked up).

((also attached are 3 WisDOT updates on the Hoan Bridge from the past week))



WISCONSIN LEGISLATURE

P. O. Box 7882 Madison, WI 53707-7882

December 15, 2000

Terrence J. Mulcahy, Secretary
Wisconsin Department of Transportation
4802 Sheboygan Avenue, Room 120B
Madison, WI 53702

Dear Secretary Mulcahy:

As you are aware, on Wednesday of this week the Milwaukee area transportation system experienced a significant calamity when a section of the Daniel Hoan Bridge (I-794) buckled and forced the closure of the bridge.

We appreciate the quick response of the District II office. They were on the scene a short time after the failure of the bridge was detected and continue to demonstrate professional management of this crisis.

The Hoan Bridge is a vital link to the residents of south shore communities of Milwaukee County, and with last year's opening of the Senator John R. Plewa Memorial Lake Parkway, has factored into all the communities' transportation and development planning. For that reason, we believe an unmistakable message should come from the department that it not only has the will but the means to move forward on the repair as the department's highest priority.

The department will be appearing before the Legislature's Joint Committee on Finance on Tuesday, December 19th to present the department's plan for adjusting federal transportation aids that the state will receive. We recognize that it may be premature to suggest an amendment to the department's plan to account for the yet unknown costs of repairing the Hoan Bridge. However, we would like the department's presentation to the joint committee to inform the members of the bridge's status and department's plan and timetable for a repair.

Mulcahy
December 15, 2000
page two

Once again, we appreciate the department's high level of concern and action already demonstrated in the wake of this unfortunate event. For our part, we will contribute any support necessary to assisting in the swift restoration of this important highway.

Sincerely,



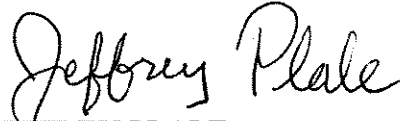
RICHARD GROBSCHMIDT
State Senator
7th Senate District



CHRISTINE SINICKI
State Representative
20th Assembly District



JON RICHARDS
State Representative
19th Assembly District



JEFFREY PLALE
State Representative
21st Assembly District

RG:CS:JR:JP:js

cc: State Senator Brian Burke
State Representative John Gard

Hoan Bridge Briefing Sun., Dec. 17, 2000

The bridge remains stable with no movement detected by a sensing system installed in the area of the two failed girders. The 217-foot span in the northbound roadway continues to be precariously supported by a single girder with an 18-inch crack.

A controlled demolition remains planned for sometime this week. DOT and consultants now will try to demolish a 151-foot, 600-ton section of the span. This is a somewhat larger segment than was discussed earlier. The entire span weighs about 900 tons.

Extensive planning continues with police, fire departments, emergency responders, the Coast Guard, and Port Authority to insure safety, restrict access and control traffic.

Contractors are mobilizing loads and equipment as they prepare to stack piles of crushed stone under the damaged span to try to cushion the impact, whether the segment falls by itself or is demolished. Finn Hubbard, bridge design supervisor for the DOT's bureau of highway development, said towers or beams will be used to provide extra support to the span immediately to the south of the damaged span to try to minimize shock and avoid chain reaction damage when the damaged span goes down.

Hoan Bridge Briefing Points
Wisconsin Department of Transportation
December 14, 2000

- A section of the Hoan Bridge in Milwaukee separated Wednesday morning, causing it to be completely shut down.
- Crews are working to determine the cause of the separation. Two of three exterior support girders on a span of the northbound roadway appear to have separated all the way through. This caused the northbound roadway to sag about four feet. Further tests and analysis will be needed to determine the extent and nature of repairs to be done.
- A span of the bridge, about 217 feet in the northbound roadway, is being supported by one steel support girder which itself has been cracked. The other two girders which supported the span separated. The location of the damage is about 200 feet south of the crest of the bridge arch.
- Later Thursday, contractors, engineers, consultants and others will arrive at the scene to begin staging operations for emergency buttressing of the structure to prevent further deterioration, or collapse. It is expected that the buttressing operations will begin Friday and continue for several days, possibly the rest of the month, to secure the bridge. Actual repairs to the bridge will begin after that.
- The bridge is inspected annually. An in-depth inspection is done every five years, most recently this past summer. The most recent routine inspection of the Hoan was conducted about one week ago.
- Cracking is common in steel bridges – those detected are typically minor hairline cracks. These cracks are not indicative of an impending failure. The Wisconsin Department of Transportation has been working with consultants and experts from Northwestern University to conduct additional monitoring and testing on the cracks on the Hoan Bridge.
- Additional stresses on bridges are always a concern during periods of severe temperature changes.

- The legal load limit on bridges in Wisconsin is 40 tons, or 80,000 pounds. The Wisconsin Department of Transportation issues single trip overload permits and annual overload permits for loads up to 85 tons. Some 46,000 single trip overload permits were issued last year by WisDOT's permit unit.
- The Hoan Bridge, opened in 1977, cost \$47 million to build. It is six lanes and parallels Milwaukee Harbor from Maier Festival Park to Carferry Drive. It is 3.7 miles long; the main arch is 1,140 feet. The Hoan carries an average weekday volume of up to 37,000 vehicles, 6% of which are trucks. Average weekday volume is up about 5,000-7,000 vehicles since the adjacent Lake Parkway opened in October, 1999.
- Suggested alternate routes for commuters and others are: I-94/I-43 (High Rise Bridge), or 6th Street, or 16th Street, or Water St. to Kinnickinnic. Updated alternative route and closure information will be available through WisDOT's construction hotline at 262-548-5684 or 888-468-0037.

Hoan Bridge Briefing Points
Wisconsin Department of Transportation
December 18, 2000

- Safety and security are top priorities as WisDOT continues to work with engineers, consultants, fire and police departments, the Port of Milwaukee and the Coast Guard as plans move forward for the controlled demolition of part of the damaged span of the Hoan Bridge
- Shortly after 7 a.m. last Wednesday, two of three girders supporting a 217-foot, 900-ton span of the northbound roadway failed. The roadway buckled about four feet and is being supported by a single girder with an 18-inch crack - **the situation remains highly dangerous.**
- The initial approach was to try and prop-up the damaged area with beams or towers and then assess the damage.
- However, after consulting with a variety of experts, concerns arose over whether the span could be secured before it fell. Thus, an internationally-respected team of experts including Controlled Demolition, Inc. was brought in to plan the removal of the span through controlled explosives.
- Contractors are mobilizing equipment and preparing to stack piles of crushed stone under the damaged span to cushion the impact – whether the span is intentionally demolished or should it fall by itself.
- Towers or beams will be used to provide extra support to the span immediately to the south of the damaged span to avoid or minimize further damage from the shock.
- The controlled demolition is planned for later this week to remove an approximately 150-foot, 600-ton section of the damaged span. To ensure the safety of workers and the general public, a public announcement will be made when the date and time is finalized. Planning with local agencies continues to ensure a safe operation and to restrict access to the area.
- WisDOT is continuing to work with the Metropolitan Milwaukee Sewerage District to minimize impacts on its facilities.

- Demolition crews secured to man-lift devices are working to clear the damaged area of snow.
- The six-lane, 3.7 mile Hoan Bridge has an 1,140-foot arch and cost \$47 million to build. The bridge parallels Milwaukee Harbor from Maier Festival Park to Carferry Drive and opened in 1977. The Hoan carries 32,190 vehicles per day, up from about 25,000 per day since the Lake Parkway opened to the south in October, 1999.
- The Hoan Bridge recently received a routine inspection that provided no advance warning in the area of the girders which failed.
- The unexpected damage to the Hoan in no way indicates a danger to the more than 13,000 other bridges along Wisconsin's state and local highway system.
- Suggested alternate routes for commuters and others are: I-94/I-43 (High Rise Bridge), or 6th Street, or 16th Street, or Water St. to Kinnickinnic. Updated alternative route and closure information will be available through WisDOT's construction hotline at 262-548-5684 or 888-468-0037.

The attached Internet sites provide additional details and photos of the Hoan Bridge situation:

<http://www.jsonline.com/news/metro/dec00/hoan18121700a.asp> - Article "Larger chunk of Hoan to be felled"
<http://www.jsonline.com/news/metro/dec00/bridge17121600a.asp> - Article "Blast to fell part of span as early as Tuesday"
<http://www.jsonline.com/news/editorials/dec00/infra-edit121700.asp> - Editorial "Lessons from Hoan Bridge"
<http://www.jsonline.com/news/metro/dec00/steel15121400a.asp> - Article "Bridge welds, steel in focus"
<http://www.jsonline.com/news/metro/dec00/repair14121300a.asp> - Article "Other big projects could be affected"
<http://www.jsonline.com/news/metro/dec00/south14121300a.asp> - Article "Closing worries businesses, drivers."
<http://www.jsonline.com/news/metro/dec00/hoan15121400a.asp> - Article "Officials hope to reopen lanes to south"

McGinnis, Cindy

From: O'Brien, Michael-DTD2
Sent: Monday, December 18, 2000 3:48 PM
To: Rep.Balow; Rep.Bock; Rep.Brandemuehl; Rep.Carpenter; Rep.Colon;
Rep.Cullen; Rep.Duff; Rep.Gronemus; Rep.Gunderson; Rep.Gundrum;
Rep.Jensen; Rep.Jeskewitz; Rep.Krug; Rep.Krusick; Rep.LaFave;
Rep.MorrisTatum; Rep.Plale; Rep.Richards; Rep.Riley; Rep.Sinicki;
Rep.Staskunas; Rep.Stone; Rep.Urban; Rep.Vrakas; Rep.Walker;
Rep.Wasserman; Rep.Williams; Sen.Burke; Sen.Darling; Sen.Farrow;
Sen.Grobschmidt; Sen.George; Sen.Huelsman; Sen.Lazich;
Sen.Moore; Sen.Panzer; Sen.Rosenzweig
Subject: FW: Update on Hoan, Monday afternoon

-----Original Message-----

From: O'Brien, Michael-DTD2
Sent: Monday, December 18, 2000 3:44 PM
To: Alice Morehouse; Anna Gent; Anne Grayson; Barbara Underwood; Brent Pickard; Carol Cutshall;
Carolyn Bourie; Corinne Scott; Daniel Pritchard; David Vieth; Dewayne Johnson; Donald Moecker;
Donald Reinbold; Donald Rhodes; Emyllyn Grisar; Gary Whited; Gene Kussart; James VanSistine; Jim
Thiel; Joe Maassen; Kirstie Larsen; Kristin McHugh; Leslie Fafard; Linda Himsel; Linda Thelke; Lynne
Judd; Michael Cass; Michael Goetzman; Michael-DTD2 O'Brien; Nina McLawhorn; Patricia Hansen;
Peg-DOT Schmitt; Peter Rusch; Robert Bereiter; Robert Cook; Robert Fasick; Robert Pfeiffer; Rose
Klein; Ruben Anthony-Jr; Sandra Spann; Sheri Schmit; Stanek, Albert; Terry Mulcahy; Tom Kochanski
Subject: Update on Hoan, Monday afternoon

- Safety continues to be No. 1 priority.
- Experts are continuing to analyze the structure.
- Team is working to fashion a solution that will bring down the falling section of the Hoan Bridge in a way, place and time that will minimize energy from 530 tons of material falling 100 feet.
- Today berms of crushed stone were being placed under the falling section, and other areas under the bridge are being cushioned,
- Workers are removing snow from the buckled area to reduce stress and weight, and to place demolition equipment. Workers are secured to man-lifts.
- Efforts are ongoing to insure continued uninterrupted operation of Sewerage District facilities.

Michael L. O'Brien
Communications Manager
Wisconsin Dept. of Transportation, Dist. 2



MADD
W I S C O N S I N

FAX

TO:	Senator Brian Burke	FROM:	Kari Onkels
COMPANY:		COMPANY:	MADD Wisconsin
FAX NUMBER:	608-267-0274	FAX NUMBER:	920-831-6542
PHONE NUMBER:		PHONE NUMBER:	920-831-6540
DATE:	January 29, 2001	TOTAL NO. OF PAGES INCLUDING COVER:	

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

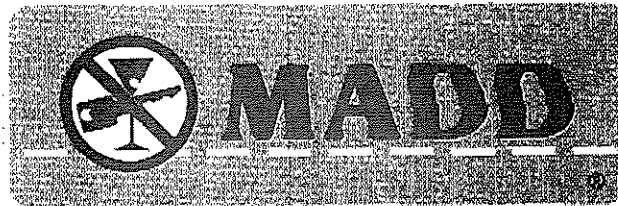
NOTES/COMMENTS:

Important Notice!!

Your attention regarding this matter is requested.

This letter is simultaneously being faxed to media across the State of Wisconsin.

WISCONSIN STATE OFFICE
2144 W. SPENCER STREET
P.O. BOX 536
APPLETON, WI 54912-0536



Mothers Against Drunk Driving

2144 W. Spencer Street • P.O. Box 536 • Appleton, WI 54912-0536 • (920) 831-6540 • 1-800-799-MADD • FAX (920) 831-6542
E-MAIL: maddwi@powercom.net • WEB SITE: www2.powercom.net/~maddwi
WISCONSIN STATE OFFICE

January 29, 2001

Dear Editor,

There has been a substantial increase in traffic fatalities in the State of Wisconsin in the year 2000, with alcohol contributing to an estimated 38% of those traffic fatalities. In light of these disturbing statistics the DOT has taken commendable measures toward increasing their proactive efforts in transportation safety.

To this point, many of their efforts have been funded through the Federal Section 164 transfer sanction. The Federal Section 164 sanction is a federal mandate to penalize states that have not enacted drunk driving laws that meet or exceed a variety of penalties for repeat drunk drivers.

THIS FUNDING AND THUS THE SAFETY OF OUR FAMILIES AND COMMUNITIES ARE IN JEOPARDY!

The Joint Finance Committee adopted two devastating motions (#350 & #361) that would have reversed the original plans submitted by the DOT. Subsequently motion #350 has been vetoed by Governor Thompson. The Joint Finance Committee has until February 5th to override the Governor's veto. MADD Wisconsin calls on the Joint Finance Committee not to override the veto for the sake of continued safety in our communities. By reversing these plans, the DOT would be forced to withdraw already allocated contracts and grants for alcohol countermeasures. The DOT has admitted that through an inadvertent action, contracts were granted prior to the Joint Finance Committee's approval. They have promised this unintentional error would not happen again.

The disturbing effect of the Joint Finance Committee overriding the veto would be harmful and damaging to numerous counties, municipalities, local police departments, and community organizations focusing on safety. Their goals to keep our communities safe most likely would not be attainable without the financial support from the funds of the Section 164 money distributed by the DOT.

What is more disturbing is the apparent pressure being applied by Senator Breske and Senator Decker to stop the DOT from spending all or part of the 164 funds in spite of the fact that the funds have been restored by the veto.

The pressure from Senator Breske (former President of the Marathon County Tavern League and former President of the Statewide Tavern League Association) has escalated greatly. Senator Breske has threatened to oppose the confirmation of Terry Mulcahy as Secretary for the Department of Transportation, as well as threatening an audit of the Department's Traffic Safety Program. This kind of pressure is inappropriate and unacceptable. One wonders if the Senator's past affiliation with the Tavern League and his conviction for operating a motor vehicle while intoxicated distort his view on the issues of spending related to alcohol countermeasures.

MADD Wisconsin would like to know why Senators Breske and Decker feel it is permissible to re-align the federally funded alcohol countermeasure dollars into less effective programs. We would also like to know their plans to implement alcohol countermeasures in an effort to avoid another year of increased alcohol relate traffic fatalities.



Kari Onkels
Executive Director
MADD Wisconsin

cc: Senator Breske
Senator Decker
Senator Burke
Senator George
Representative Stone

Wisconsin Department
of Transportation

Office of the Secretary
Room 120B, HFSTB
4802 Sheboygan Avenue
Madison, Wisconsin 53702

FAX

Date: 1-31-01

Number of pages including cover sheet: 2

To:

Senator Burke

Phone:

6-8535

Fax phone:

7-0274

CC:

From:

Bob Cook

Office of the Secretary

Department of Transportation

Phone:

608/266-1114

Fax phone:

608/266-9912

REMARKS:

Urgent

For your review

Reply ASAP

Please comment



Wisconsin Department of Transportation

www.dot.state.wi.us

Tommy G. Thompson
Governor

Terrence D. Mulcahy, P.E.
Secretary

Office of the Secretary
4802 Sheboygan Ave., Rm. 120B
P.O. Box 7910
Madison, WI 53707-7910

Telephone: 608-266-1113
FAX: 608-266-9912
E-Mail: sec.exec@dot.state.wi.us

January 31, 2001

Ms. Kari Onkels
Executive Director
Mothers Against Drunk Driving
P.O. Box 536
Appleton, WI 54912-0536

Dear Ms. Onkels

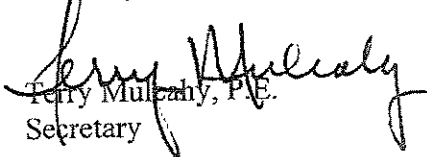
I was disappointed to receive a copy of the letter you recently distributed to Wisconsin news editors about plans to spend federal Section 164 funds.

The inflammatory language in your letter, that include personal attacks on Senator Roger Breske, are highly inappropriate and do nothing to advance constructive public policy discussions on these matters.

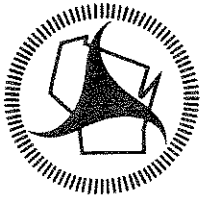
The legislative policy concerns related to the use of these funds are important and it is crucial that we proceed with rational, productive debate. I look forward to continuing to work with Senators Breske and Decker, as well as members of the Joint Finance and transportation committees to address the concerns.

I hope MADD will continue to contribute to this debate in a reasoned and responsible manner.

Sincerely,


Terrence D. Mulcahy, P.E.
Secretary

Cc: Senator Breske
Senator Decker
Senator Burke
Senator George
Representative Stone
Wisconsin News Editors



Wisconsin Department of Transportation

www.dot.state.wi.us

Tommy G. Thompson
Governor

Terrence D. Mulcahy, P.E.
Secretary

Office of the Secretary
4802 Sheboygan Ave., Rm. 120B
P.O. Box 7910
Madison, WI 53707-7910

Telephone: 608-266-1113
FAX: 608-266-9912
E-Mail: sec.exec@dot.state.wi.us

January 31, 2001

The Honorable Roger Breske
Wisconsin State Senate
Room 18 South, State Capitol
PO Box 7882
Madison, WI 53707-7882

Dear Senator Breske:

I write in response to your concerns regarding the federal Section 164 alcohol safety transfer funds included in WisDOT's Federal Expenditure Plan. Based on concerns expressed by you and members of the Joint Committee on Finance, I plan to review and realign the usage of certain alcohol safety funds where legally possible and prudent.

However, I do not believe it is in the best interest of highway safety in Wisconsin to undo any signed contracts or verbal commitments negotiated by WisDOT. I would also like to clarify that none of the contracts or verbal commitments made to date are specifically earmarked for "saturation patrol" activity. Instead, the local police have a variety of alcohol enforcement options available to them. I would also like to make it clear that the DOT funds cannot be used for so called "rolling roadblocks." It is WisDOT's position that any roadblock or checkpoint used to enforce impaired driving laws in Wisconsin is contrary to sec. 349.02, Stats., and is expressly prohibited.

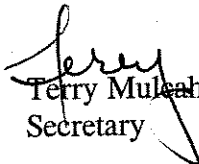
As I indicated earlier, WisDOT does recognize the importance of legislative oversight for all public policy decisions in this state. To that end, I have asked my staff to contact all sixteen communities that have been awarded corridor alcohol safety contracts, and to ask each community to be sure that the safety efforts envisioned in the contract are, in fact, the preferred option for each community. If not, then each community can work with WisDOT staff to amend the original contract, and use the grant money in an alternative effort to encourage responsible alcohol consumption and safe driving in the community. This approach allows local governments a unique opportunity to craft alcohol safety programs most appropriate to local needs and concerns.

As you undoubtedly know, Wisconsinites have varying views on how best to deal with the sad fact that alcohol related crashes claim over 200 lives per year on our highways. WisDOT is committed to making Wisconsin's highways the safest in the nation.

The Honorable Roger Breske
January 31, 2001
Page 2 of 2

I look forward to an open and constructive discussion with you, other members of the Legislature, and the highway safety community regarding the most appropriate and effective methods of addressing alcohol consumption and the safe use of motor vehicles.

Sincerely,


Terry Muleahy, P.E.
Secretary

cc: Senator Decker
Senator Burke
Senator Chvala
Representative Jensen
Representative Gard
Representative Stone

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

January 26, 2001

Mr. Dan Caucutt
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53703

Dear Mr. Caucutt:

On January 11, 2001, we received from the Governor, the signed minutes from the Committee's December 19, 2000, s. 13.10 meeting. In forwarding the minutes, the Governor indicated that he had vetoed two portions of the Committee's action.

Pursuant to s. 13.10(4) of the statutes, we conducted a mail ballot to determine if the Committee's December 19, 2000, action on these matters should be upheld, regardless of the Governor's veto.

The first question put to the Committee members on the veto was as follows:

"Shall the December 19, 2000, action of the Joint Committee on Finance on Agenda Item II, specifying an alternative treatment of funds transferred from the highway construction program to the section 402 safety program, be upheld, notwithstanding the objection of the Governor?"

The vote on the question was as follows:

Ayes, 7 (Burke, Decker, Moore, Shibilski, Wirch, Huber, Riley); Noes, 9 (Gard, Kaufert, Albers, Duff, Ward, Huebsch, Darling, Welch, Plache)

Eleven affirmative votes being necessary, the action of the Joint Committee on Finance on Agenda Item II, specifying an alternative treatment of funds transferred from the highway construction program to the section 402 safety program, was not upheld.

The second question put the Committee members on the veto was as follows:

"Shall the December 19, 2000, action of the Joint Committee on Finance on Agenda Item VIII, stipulating that the contract with Corrections Corporation of America be amended to include a provision to require the Department of Corrections to provide public access to all records related to health care services, including final mortality reviews, in its possession, be upheld, notwithstanding the objection of the Governor?"

The vote on the question was as follows:

Ayes, 8 (Burke, Decker, Moore, Shibilski, Plache, Wirch, Huber, Riley); Noes, 8 (Gard, Kaufert, Albers, Duff, Ward, Huebsch, Darling, Welch)

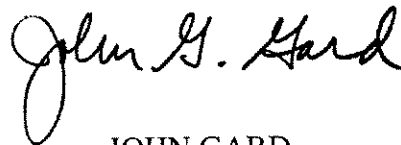
Eleven affirmative votes being necessary, the action of the Joint Committee on Finance on Agenda Item VIII, stipulating that the contract with Corrections Corporation of America be amended to include a provision to require the Department of Corrections to provide public access to all records related to health care services, including final mortality reviews, in its possession, was not upheld.

The executed mail ballots and a copy of the memorandum which accompanied the distribution of the mail ballots are enclosed for the record.

Sincerely,



BRIAN BURKE
Senate Chair



JOHN GARD
Assembly Chair

cc: Governor Tommy G. Thompson
Members, Joint Committee on Finance
Terry Mulcahy, Secretary, Department of Transportation
Jon Litscher, Secretary, Department of Corrections

BB:JG:js

13.10 Meeting
December 19, 2000
Agenda Item III

Issue: Department of Workforce Development, KIDS Computer System

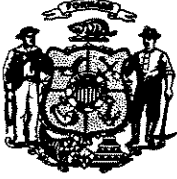
Comments:

Fiscal Bureau agrees that this money (\$2 million) should be released for KIDS computer enhancements. This money was placed in the Committee's appropriation as part of last session's budget action due to underspending in recent years. Now, it appears the expenditures for KIDS update and maintenance will be about \$1 million higher in estimated in Act 9, and federal revenues for this will be lower than anticipated because DWD spent all their enhanced federal match funds in 1999-00. Even with the \$2 million, they'll be about \$268,200 short of the amount they need to finish out the fiscal year. DWD says they can absorb this shortfall.

Alternative 1, gives them the \$2 million they need and Alternative 2 makes them report back to JFC by 12/31/01 on their efforts to reduce mainframe charges. These costs represent 1/3rd of the annual KIDS budget and have been increasing significantly despite DWD's efforts to make the system run more efficiently. Clearly, if there are savings to be realized in this system, this is where they'll have to look.

Staff Recommendation: Alternatives 1 and 2

Prepared by: Cindy



Legislative Fiscal Bureau

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

December 19, 2000

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development: Section 13.10 Request Related to the KIDS Computer System -- Agenda Item III

REQUEST

The Department of Workforce Development (DWD) requests the transfer of \$2,000,000 GPR in 2000-01 from the Joint Committee on Finance's supplemental appropriation to DWD's general program operations appropriation [s. 20.445(3)(a)] to fund expenditures related to the Kids Information Data System (KIDS).

BACKGROUND

Federal law requires every state to have a certified, statewide automated child support system. The KIDS system was developed to replace the previous automated child support system, which did not meet the federal requirements. The state has contracted with IBM Global since January, 1993, to develop and operate the KIDS system in Wisconsin.

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) imposed a number of new requirements on states relating to child support enforcement. Some of these requirements have necessitated changes to the KIDS system, particularly the creation of the centralized receipt and disbursement (CR&D) system and the new-hire reporting system. System modifications required by the new federal provisions had to be in place by October 1, 2000. According to DWD, the required system modifications were recently completed. However, the federal government has not certified the system because of concerns about the reliability of certain data generated by the system due to Wisconsin's use of percentage-expressed support orders.

Wisconsin law allows child support orders to be expressed as a percentage of the obligor's income, as a fixed dollar amount or as a combination of both by requiring payment of the greater or lesser of either a percentage of parental income or a fixed sum. The federal government has notified DWD that the use of percentage-expressed orders does not permit the state to reliably calculate the dollar value of child support orders in place at a given time. This violates certain federal reporting requirements and does not conform to new performance measures that are being implemented to calculate federal child support incentive payments. The Department indicates that it will seek legislation to address this issue.

Funding Sources for KIDS

Funding for KIDS under the 1999-01 biennial budget (1999 Wisconsin Act 9) is \$39,821,800 (\$10,035,400 GPR, \$7,800,000 PR, \$852,500 SEG and \$21,133,900 FED) in 1999-00 and \$39,087,300 (\$10,092,500 GPR, \$6,900,000 PR, \$852,500 SEG and \$21,242,300 FED) in 2000-01. The PR funding is from the \$25 annual CR&D fee that is charged to support obligors and the SEG funding is from interest earnings on the support collections trust fund. The PR and SEG funds are applied to the CR&D component of the KIDS budget. Of the total amount budgeted, \$2,000,000 GPR annually was placed in the Committee's appropriation to reflect underspending that has occurred in recent years as well as the potential for increased revenues from the CR&D fee. More detail on these revenue sources is provided below. The \$2,000,000 of GPR funding for 1999-00 was transferred from the Committee's appropriation to DWD at the Committee's May 3, 2000, s.13.10 meeting.

Federal and GPR Funding. State operation of the KIDS system is generally funded at a 66/34 federal/state match. The state match is paid for with GPR funding. Federal funding for the development and conversion of automated child support systems was available at an enhanced 90/10 federal/state match until October 1, 1997. System modifications required under PRWORA are eligible for an enhanced 80% federal rate for federal fiscal years 1996 through 2001. However, the 80% funding for all states was capped at \$400 million and Wisconsin's 80% allocation was capped at \$10.2 million.

CR&D Fees. Since January 4, 1999, the state has operated an automated system for processing the receipt and disbursement of child support, maintenance, health care expenses, birth expenses and other support-related expenses. The system is partially funded from an annual \$25 CR&D fee charged by DWD to support obligors. Expenses of the CR&D function that are not covered by the \$25 fee or interest earnings in the support collections trust fund (described below) are funded with GPR and federal matching funds. Prior to 1999, the county clerks of court or a support collection designee collected and disbursed support payments and collected and retained the \$25 fee for this service.

As part of Act 9, modifications were made to enhance DWD's ability to collect the CR&D fee, beginning with fees that were ordered on January 1, 2000. These modifications included the requirement that the annual fee be withheld from earnings and that the fee constitutes an assignment

of all earnings and other income to DWD. Act 9 also specified that the obligation to pay any CR&D fees that are in arrears continues even if the obligor is no longer required to pay support or maintenance. Finally, the law allows county child support agencies to cause an assignment of income for the fee to go into effect if the obligor is ten days past due (previously, only a court or family court commissioner could make an assignment).

Support Collection Trust Fund Interest Earnings. Monies received from income withholding and other collections of child or family support, maintenance or spousal support, health care expenses or birth expenses are deposited to the segregated state support collections trust fund. Interest earned on the fund during the delay between the time a collection is received and the time the payment issued to the recipient is drawn ("float") is used to fund the CR&D function.

ANALYSIS

The following table summarizes the KIDS budget and available revenues for 2000-01 under Act 9 and under the Department's revised budget. The largest expenditure is for system maintenance and change orders (\$20,200,700 under the revised budget), which primarily reflects fees paid to IBM Global and other contractors and includes CR&D operations. The InfoTech budget (\$13,603,000) includes the fee paid to the Department of Administration (DOA) for mainframe services and connection to the consolidated data network. The remaining budget is for state staff in DWD's Bureau of Information Technology Services (BITS) and supplies and services. The attachment provides additional detail regarding the budget.

2000-01 KIDS Budget

	Act 9			Revised Budget		
	State	FED	Total	State	FED	Total
KIDS Budgeted Expenditures						
System Maintenance and Change Orders	\$11,247,100	\$8,578,300	\$19,825,400	\$12,676,300	\$7,524,400	\$20,200,700
InfoTech Charges	3,751,900	6,718,500	10,470,400	4,625,000	8,978,000	13,603,000
State Staff and BITS Costs	1,784,400	3,884,900	5,669,300	1,058,800	2,074,800	3,133,600
Supplies and Services	<u>1,061,600</u>	<u>2,060,600</u>	<u>3,122,200</u>	<u>1,113,100</u>	<u>2,002,900</u>	<u>3,116,000</u>
Total KIDS Budget	\$17,845,000	\$21,242,300	\$39,087,300	\$19,473,200	\$20,580,100	\$40,053,300
<i>Change to Act 9</i>				\$1,628,200	-\$662,200	\$966,000
Revenues Available for KIDS and CR&D						
CR&D Fee (PR)	\$6,900,000	\$0	\$6,900,000	\$7,300,000	\$0	\$7,300,000
Interest Earnings (SEG)	852,500	0	852,500	1,500,000	0	1,500,000
GPR & FED in DWD Appropriations	8,092,500	21,242,300	29,334,800	8,582,000	20,403,100	28,985,100
Committee's GPR Appropriation	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>
Total Available Revenues	\$17,845,000	\$21,242,300	\$39,087,300	\$19,382,000	\$20,403,100	\$39,785,100
<i>Change to Act 9</i>				\$1,537,000	-\$839,200	\$697,800
KIDS Surplus / (Deficit)	\$0	\$0	\$0	-\$91,200	-\$177,000	-\$268,200

The table shows that, even with the release of the \$2,000,000 GPR from the Committee's appropriation, the KIDS budget is estimated to have a \$268,200 shortfall in 2000-01. The deficit is the result of increased expenditures of \$966,000, which are partially offset by \$697,800 in increased revenues. The projected shortfall is less than 1% of budgeted expenditures; the Department indicates that it can modify expenditures to absorb this amount.

Revenues

The higher amount of revenue available for KIDS is comprised of an increase in state funding of \$1,537,000 and a decrease in federal revenue of \$839,200. The state revenue increase is attributed to three factors. First, based on experience through October, collections of the CR&D fee are projected to be \$400,000 higher than the amount budgeted under Act 9. In addition, interest earnings are estimated to exceed the Act 9 amount by \$647,500, primarily due to a higher rate of return than was anticipated in the budget bill. Finally, the state funding amounts in the table include "excess federal revenues" that were made available to the state in previous years because some KIDS expenditures that were initially funded at the general 66% federal matching rate were later determined to be eligible for enhanced federal funding. These funds are essentially a reimbursement of prior state expenditures and are treated like state GPR. The \$8,582,000 state funding amount shown in the revised budget includes \$489,500 in excess federal revenues that were carried over from 1999-00.

The \$839,200 reduction in federal revenue primarily reflects a reduced federal matching rate for certain items. Under Act 9, approximately \$4.4 million of contract expenditures relating to system modifications required by PRWORA were budgeted assuming that they would be eligible for an 80% federal match. The revised budget has reallocated some of these funds to other uses and assumes that the PRWORA expenditures in 2000-01 will only be eligible for the general 66% matching rate. As noted, DWD indicates that the PRWORA change orders were completed recently. PRWORA expenditures that occurred during the first several months of the current fiscal year were funded with 66% federal matching revenues because the state's \$10.2 million allotment of 80% federal funding was expended prior to the end of 1999-00. The Department expedited the PRWORA change orders in the last half of 1999-00 in order to meet the federal deadline.

Expenditures

The revised estimate of KIDS expenditures has increased by \$966,000 (2.5%) compared to the Act 9 estimate. The table and the attachment show that this increase is made up of increases and decreases in the various components of the budget.

Mainframe Costs. The largest increase (\$3,362,900) is from DOA's mainframe charges and is attributed to increased usage of the system. The higher rate of usage reflects additional support orders, new applications required by PRWORA and increased familiarity with the system by DWD and county child support staff. In addition, during the second and third quarters of calendar year 2000, the Department modified the system to "partition" data in order to accommodate increasing

demands on the system and to make the data processing function more efficient. Although it was anticipated that data partitioning would lead to lower mainframe charges, this has not occurred. In addition, the Department incurred significant data processing costs for testing the partitioning modifications. The current budget for mainframe charges is based on actual costs for 1999-00 (\$12.1 million) and current experience in 2000-01. The Department intends to continue to explore ways to reduce mainframe charges by making the data processing function more efficient. These include improved data partitioning, archiving old documents off-line, processing financial subaccounts throughout the month rather than on the first day of each month and other programming refinements. These modifications will probably not be implemented until 2001-02, because the Department intends to focus on change orders requested by county child support agencies during the remainder of 2000-01.

Mainframe costs represent approximately one-third of the annual KIDS budget. These costs have been increasing significantly, despite efforts by the Department to modify the system to make it operate more efficiently. It appears that the requested funds are necessary to continue operation of the system for the remainder of 2000-01. However, the Committee may wish to direct DWD to prepare a report on its efforts to reduce mainframe charges. If a report is desired, an appropriate deadline may be December 31, 2001.

Contractor Fees. Overall, contractor costs are slightly higher than the amounts assumed in Act 9. However, the allocation of these expenditures among various components of the budget has been modified to reflect the current status of the system. In addition, as discussed above, the amount of federal revenue available for the system is lower than was assumed in Act 9, because all of the state's enhanced PRWORA funding has been utilized.

During the remainder of 2000-01, the contractors will focus primarily on implementing change orders requested by counties, which were temporarily deferred in order to implement the PRWORA requirements. In addition, the contractors will be used for ongoing maintenance of the system and other programming modifications (relating to unclaimed funds, receipt and disbursement income withholding, liens on vehicles, tax intercept and document production.). As noted, additional refinements intended to make the system more efficient will be implemented in 2001-02. The Department had approximately 100 requests for change orders by county child support agencies. Of these, approximately 35 have been completed and 35 have been withdrawn according to DWD. It is anticipated that most of the remaining county requests will be completed by the end of calendar year 2001.

State Staff. Budgeted expenditures for state staff are reduced by \$2,535,700. This reduction primarily reflects a decrease in the number of hours BITS staff will devote to the system. In addition, the hourly rate charged by BITS for its services is slightly lower than the rate that was assumed in Act 9 (\$57 per hour compared to \$60 per hour).

SUMMARY

As noted, under Act 9, \$2,000,000 GPR of the KIDS budget for 2000-01 was placed in the Committee's appropriation because the system had experienced underspending in recent years and because it was possible that additional revenues would be generated by the CR&D fee. Based on more recent information, overall KIDS expenditures in 2000-01 are now estimated to be about \$1 million higher than the figures used in Act 9. In addition, reduced federal funding will be available because the Department expended its remaining enhanced federal funding allocation for PRWORA change orders in 1999-00. Non-GPR state revenues from the CR&D fee and interest earnings are expected to be somewhat higher than the amounts estimated in Act 9, but not enough to cover budgeted expenses without the \$2,000,000 transfer. Therefore, the Committee may wish to approve the Department's request.

Even with the requested \$2,000,000, the Department projects a small deficit in the KIDS budget at the end of 2000-01. At this time, the Department indicates that it should be able to address the deficit without requesting additional GPR.

Mainframe costs are estimated to be significantly greater than budgeted, and are expected to account for nearly one-third of total KIDS expenditures. These costs have been increasing in recent years, despite efforts by the Department to modify the system to reduce data processing charges. One recent modification to partition data resulted in significant testing costs, but has not reduced the system's data processing costs. The Committee may wish to direct the Department to prepare a report on its efforts to modify the system in order to reduce mainframe charges.

Federal certification of the system modifications required by PRWORA has not occurred due to concerns about the state's use of percentage-expressed support orders. DWD intends to address this issue through legislation.

ALTERNATIVES

1. Approve the Department's request to transfer \$2,000,000 in 2000-01 from the reserve portion of the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to DWD's general program operations appropriation under s. 20.445(3)(a) to fund expenditures related to the KIDS computer system.

2. Direct the Department to prepare a report on its efforts to reduce mainframe charges associated with the KIDS system and the extent to which such efforts have been successful. Specify that the report must be submitted to the Committee by December 31, 2001.

No 3. Deny the request.

Prepared by: Rob Reinhardt
Attachment

ATTACHMENT

KIDS and CR&D Budget for State Fiscal Year 2000-01 Under s. 13.10 Request

	Act 9			Revised Budget			Difference		
	State	FED	Total	State	FED	Total	State	FED	Total
System Maintenance and Change Orders									
Ongoing System Maintenance	\$1,159,800	\$2,251,300	\$3,411,100	\$1,917,800	\$3,722,700	\$5,640,500	\$758,000	\$1,471,400	\$2,229,400
Contractor Fixed Costs	530,400	1,029,600	1,560,000	896,400	1,740,000	2,636,400	366,000	710,400	1,076,400
Centralized Receipt and Disbursement (CR&D)	8,002,800	486,000	8,488,800	8,834,800	67,500	8,902,300	832,000	-418,500	413,500
New Hire Reporting System	360,200	699,200	1,059,400	215,600	418,600	634,200	-144,600	-280,600	-425,200
Other Change Orders Required by Federal Law	871,700	3,486,900	4,358,600	0	0	0	-871,700	-3,486,900	-4,358,600
County Priority Requests	322,200	625,300	947,500	811,700	1,575,600	2,387,300	489,500	950,300	1,439,800
Subtotal	\$11,247,100	\$8,578,300	\$19,825,400	\$12,676,300	\$7,524,400	\$20,200,700	\$1,429,200	-\$1,053,900	\$375,300
State Staff and BITS Costs									
State Staff and BITS Costs	\$795,900	\$1,966,200	\$2,762,100	\$514,500	\$1,018,300	\$1,532,800	-\$281,400	-\$947,900	-\$1,229,300
Supplemental Staff	191,600	371,900	563,500	100,300	194,700	295,000	-91,300	-177,200	-268,500
Capital/Installation/Infrastructure	34,000	66,000	100,000	34,000	66,000	100,000	0	0	0
800 Number/Help Desk/Voice Response	68,000	132,000	200,000	0	0	0	-68,000	-132,000	-200,000
Local Area Network Service	286,600	556,400	843,000	24,200	46,900	71,100	-262,400	-509,500	-771,900
Maintenance	8,500	16,500	25,000	0	0	0	-8,500	-16,500	-25,000
DWD System Fee	399,800	775,900	1,175,700	385,800	748,900	1,134,700	-14,000	-27,000	-41,000
Subtotal	\$1,784,400	\$3,884,900	\$5,669,300	\$1,058,800	\$2,074,800	\$3,133,600	-\$725,600	-\$1,810,100	-\$2,535,700
InfoTech Charges									
Mainframe	\$3,226,400	\$6,047,000	\$9,273,400	\$4,296,300	\$8,340,000	\$12,636,300	\$1,069,900	\$2,293,000	\$3,362,900
Telecommunications	525,500	671,500	1,197,000	328,700	638,000	966,700	-196,800	-33,500	-230,300
Subtotal	\$3,751,900	\$6,718,500	\$10,470,400	\$4,625,000	\$8,978,000	\$13,603,000	\$873,100	\$2,259,500	\$3,132,600
Supplies and Services									
Centralized Mailing	\$377,500	\$732,700	\$1,110,200	\$413,400	\$802,400	\$1,215,800	\$35,900	\$69,700	\$105,600
Credit Bureau Reports	12,200	23,800	36,000	0	0	0	-12,200	-23,800	-36,000
Supplies and Services	671,900	1,304,100	1,976,000	618,500	1,200,500	1,819,000	-53,400	-103,600	-157,000
Non IV-D	0	0	0	81,200	0	81,200	81,200	0	81,200
Subtotal	\$1,061,600	\$2,060,600	\$3,122,200	\$1,113,100	\$2,002,900	\$3,116,000	\$51,500	-\$57,700	-\$6,200
Total Budget	\$17,845,000	\$21,242,300	\$39,087,300	\$19,473,200	\$20,580,100	\$40,053,300	\$1,628,200	-\$662,200	\$966,000
Revenues Available for KIDS and CR&D									
CR&D Fee (PR)	\$6,900,000	\$0	\$6,900,000	\$7,300,000	\$0	\$7,300,000	\$400,000	\$0	\$400,000
Support Collections Trust Fund Earnings (SEG)	852,500	0	852,500	1,500,000	0	1,500,000	647,500	0	647,500
GPR and FED in DWD's Appropriations	8,092,500	21,242,300	29,334,800	8,582,000	20,403,100	28,985,100	489,500	-839,200	-349,700
Finance Committee's GPR Appropriation	2,000,000	0	2,000,000	2,000,000	0	2,000,000	0	0	0
Total Available Revenues	\$17,845,000	\$21,242,300	\$39,087,300	\$19,382,000	\$20,403,100	\$39,785,100	\$1,537,000	-\$839,200	\$697,800
Budget Surplus/(Deficit)	\$0	\$0	\$0	-\$91,200	-\$177,000	-\$268,200	-\$91,200	-\$177,000	-\$268,200

MO# ~~011~~

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
DARLING	Y	N	A
GARD	Y	N	A
PORTER <i>thebsd</i>	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

Motion 327 on the paper

AYE _____ NO _____ ABS _____

WORKFORCE DEVELOPMENT

KIDS Computer System
Agenda Item III

Motion:

Move to transfer \$2,000,000 GPR on a one-time basis in 2000-01 from the reserve portion of the Joint Committee on Finance's supplemental appropriation under s. 20.865(4)(a) to DWD's general program operations appropriation under s. 20.445(3)(a) to fund expenditures related to the KIDS computer system.

Note:

This motion would modify the Department's request by transferring the \$2,000,000 GPR on a one-time basis in 2000-01. Under the Department's original request, this funding would be added to the Department's base budget through a standard budget adjustment in the 2001-03 biennial budget bill. Under this motion, if the administration or the Legislature wishes to approve this funding in the next biennium, a separate decision item would be necessary.

MO#	327	BURKE	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
		DECKER	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
		JAUCH	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		MOORE	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		SHIBILSKI	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		PLACHE	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		COWLES	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		DARLING	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		GARD 2	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		PORTER <i>Huber</i>	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		KAUFERT	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		ALBERS	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		DUFF I	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		WARD	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		HUBER	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		RILEY	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)	(Y)
		AYE	16	NO	0	ABS											

WORKFORCE DEVELOPMENT

KIDS Computer System
Agenda Item III

Motion:

Move to deny the Department's request to transfer \$2,000,000 GPR in 2000-01 from the Committee's appropriation to DWD for the KIDS computer system.

Direct the Department to prepare a report to the Committee which explains why mainframe costs for the system have increased significantly over the amounts estimated in the 1999-01 biennial budget (1999 Wisconsin Act 9), and outlines efforts the Department intends to undertake to reduce the mainframe expenses. Specify that the report must be submitted to the Committee by March 31, 2001.

Direct DWD to withhold payment to the Department of Administration for mainframe charges associated with the system until the report has been submitted and the Joint Committee on Finance has approved the payment to DOA under s. 13.10.

Note:

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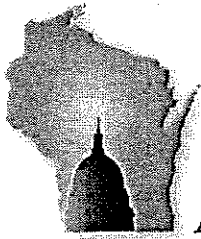
This motion would deny DWD's request to transfer \$2,000,000 GPR from the Committee's appropriation in 2000-01 for the KIDS computer system. The Department could request these funds at a subsequent meeting under s. 13.10. The motion would also require DWD to prepare a report regarding mainframe charges for the system and to withhold payments to DOA for mainframe charges until the report has been submitted and the payments have been approved by the Committee under s. 13.10.

III. Department of Workforce Development – Richard Wegner, Deputy Secretary

The department requests the release of \$2,000,000 GPR in fiscal year 2000-01 from the reserved portion of the Committee's supplemental appropriation under s. 20.865(4)(a) to the general operations appropriation under s. 20.445(3)(a) for the operation of the Kids Information Data Systems (KIDS) computer system.

Governor's Recommendation

Approve the request.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

**TOMMY G. THOMPSON
GOVERNOR**

**GEORGE LIGHTBOURN
SECRETARY**

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

Date: December 15, 2000

To: Members, Joint Committee on Finance

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

Subject: Section 13.10 Request from the Department of Workforce Development for the KIDS computer system.

Request

The department requests the release of \$2,000,000 GPR in fiscal year 2000-01 from the reserved portion of the Committee's supplemental appropriation under s. 20.865(4)(a) to the general program operations appropriation under s. 20.445(3)(a) for the operation of the Kids Information Data Systems (KIDS) computer system.

Background

The Department of Workforce Development (DWD) is responsible for administering the statewide child support enforcement system. An important tool for enforcement is the KIDS computer system which maintains records of all child support cases in Wisconsin. The department is also responsible for the Centralized Receipt and Disbursement (CR&D) system, which is a statewide, centralized system for the collection and payment of child support.

The 1999-2001 biennial budget included \$45,869,300 (\$9,770,300 GPR, \$20,541,500 FED, \$7,752,500 PR and \$811,700 "Excess" federal funds) for the KIDS budget, supporting staff in the department's Bureau of Information Technology Systems, contracts with IBM for the KIDS system, CR&D and other projects required by the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) legislation, mainframe charges of the Department of Administration's Division of Information Technology (Infotech) and other division-wide costs. There are two main sources of program revenue: interest earned on child support payments during their processing, and a \$25 centralized receipt and disbursement (R&D) fee charged annually to every child support payer in the KIDS system.

Analysis

The department has projected fiscal year 2000-01 program revenues will be higher than assumed in the biennial budget, raising an additional \$1,047,500 over the 2000-01 fiscal year.

Fiscal Year 2000-01 Projected Revenue

<i>Revenue Source</i>	<i>Budget</i>	<i>Projected</i>	<i>Difference</i>
CR&D fees	\$6,900,000	\$7,300,000	\$400,000.00
Interest Earnings	852,500	1,500,000	647,500
Total	\$7,752,500.00	\$8,800,000.00	\$1,047,500.00

Receipt and disbursement fees are projected to be \$7,300,000, reflecting the increased use of income withholding by the department to collect these fees. Interest earnings will likely be \$1,500,000, reflecting the effects of higher rates and larger amounts of "float" earning interest than previously assumed. Finally, the department carried over \$489,500 in excess federal funds from the 1999-2000 fiscal year, increasing the total amount of excess FED available in the 2000-01 fiscal year to \$881,700.

Expenditures

The \$2 million GPR would be used to support on-going KIDS operation and development costs. In the biennial budget, the funds were placed in the Committee's supplemental appropriation because of underspending in the KIDS budget in previous fiscal years. Despite revenues being higher than assumed in the budget, the department still faces a shortfall unless the GPR is released.

The department is not experiencing the same level of underspending as in previous fiscal years. The department's focus on completing projects required by federal PRWORA legislation forced other system enhancements to be postponed until the 2000-01 fiscal year. In addition, expenditures for mainframe services purchased from the Department of Administration's Division of Information Technology (Infotech) are higher than in the past, due to increased usage by the KIDS system. These costs stem primarily from heightened daytime testing efforts of new KIDS development that occurs during peak Infotech rate periods. DWD currently is attempting to reduce the amount of time devoted to running batch cycles in the KIDS system, and the testing of program redesign for this purpose is currently underway.

Several unexpected costs have also added pressures onto the KIDS budget. While revenue from interest earnings has increased, much of these earnings have been offset by \$831,100 in Firststar bank fees which were not anticipated in the budget. Also, the department has recently learned that the federal government will deduct from the department's federal reimbursement claim the amount of undistributable child support received by the department. These amounts include child support payments which were never cashed by the custodial parent and child support collections for which no custodial parent was found. The federal Office of Child Support Enforcement considers these funds program revenue while the state considers these funds as unclaimed property and unavailable for program purposes. The department projects this adjustment will reduce the amount of federal funds available by \$797,400.

KIDS Budget: 2000-01

	<u>Budget</u>	<u>Projected Actual</u>	<u>Difference</u>
Base Revenues			
PR	7,752,500	8,800,000	1,047,500
GPR*	7,873,100	7,770,300	(102,800)
FED*	16,858,700	15,861,200	(997,500)
Excess FED	322,200	811,700	489,500
	<u>32,806,500</u>	<u>33,243,200</u>	<u>436,700</u>
Projected Expenditures			
Infotech / DOA	10,670,400	13,603,000	(2,932,600)
IBM	10,277,200	10,664,200	(387,000)
BITS	4,502,000	2,667,600	1,834,400
Lockheed / CR&D	8,488,800	8,902,300	(413,500)
FIDM	563,500	295,000	268,500
New Hire Reporting	1,059,400	634,200	425,200
DES / S&S Costs	3,347,300	3,205,900	141,400
	<u>38,908,600</u>	<u>39,972,200</u>	<u>(1,063,600)</u>
Difference	(6,102,100)	(6,729,000)	
GPR Cost	(2,074,700)	(2,287,900)	

* Does not include the \$2 million GPR in the Committee's supplemental appropriation or the matching federal funds.

Members, Joint Committee on Finance
Page 4
December 15, 2000

Summary

Releasing the \$2 million will permit the department to continue enhancing the KIDS system. If the funds are not released, the department would have to scale back operations, most likely in the contract with IBM for KIDS maintenance and development. Not only would the department have to scale back operations by \$2 million, they would also forego federal matching funds of roughly \$3.9 mn which is currently built into the department's base funds.

Recommendation

Approve the request.

Prepared by: Robert Blaine
266-8219

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

December 20, 2000

Ms. Jennifer Reinert, Secretary
Department of Workforce Development
201 East Washington Avenue, Room 400X
Madison, WI 53703

Dear Secretary Reinert:

At the Joint Committee on Finance's s. 13.10 meeting on December 19, 2000, the Committee approved the transfer of \$2,000,000 GPR from the Committee's appropriation to DWD for operation of the KIDS computer system in 2000-01. However, the Committee continues to have concerns about the mainframe charges associated with the system, which are now estimated to be significantly higher than the amounts estimated in the biennial budget. Therefore, we are directing DWD to prepare a report that outlines, in detail, the factors that have led to the increased mainframe costs in the current biennium and the steps the Department intends to take to reduce mainframe costs in the future. In preparing the report, please address the fees charged by the Department of Administration for use of its mainframe computer and factors that have led to increased mainframe usage. We would like to have the report submitted to the Committee no later than March 31, 2001, so that this information can be used in deliberations on the 2001-03-biennial budget bill.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance

Tommy G. Thompson
Governor

Jennifer Reinert
Secretary



State of Wisconsin

Department of Workforce Development

OFFICE OF THE SECRETARY
201 East Washington Avenue
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III

November 29, 2000

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

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

Dear Senator Burke and Representative Gard:

Request Summary

The Department of Workforce Development (DWD) requests that the Joint Committee on Finance approve at its regular second quarter meeting under s.13.10 the transfer of \$2,000,000 GPR from the Committee's appropriation under s.20.865 (4) to DWD's appropriation under s.20.445 (3) (a). The transfer would fund the operation of the child-support program's data systems, and a portion of the costs of centralized receipt and disbursement (CR&D) activities. CR&D costs exceed the revenues produced by the CR&D fee and the net interest earnings of the Support Collections Trust Fund. During its action on the biennial budget, the Committee reserved this funding for this type of cost, referred to as the "KIDS budget." In SFY 1999-00, the Committee approved a similar request to release funding reserved for that year.

While "KIDS" refers to the "Kids Information Data System," precedent has defined this budget as encompassing virtually all critical functions of the child-support collection and payment program except for those performed by the staff of the Bureau of Child Support. This \$2,000,000 was originally part of DWD's base GPR funding for the child-support program.

The Department requests restoration of this funding to its base. All indications are that program costs will continue to increase and that the ongoing proceeds of the \$25 fee charged to child-support payers will not eliminate the need for GPR. In addition, GPR can be used as the match to leverage federal funding that covers 66% of costs, whereas other revenue sources cannot.

The Department's biennial budget request did not include additional GPR funding, under the assumption that this \$2,000,000 would be restored to the base. If that is not approved at this time, it will not be incorporated into the 2001-03 biennial budget automatically. The Committee will no longer have the funding available in its supplemental appropriation in the next biennium, as funds reserved in the Committee's appropriation for these special purposes are typically "zeroed out" during the budget process. If neither the Committee nor DWD have the \$2,000,000 in their base, a permanent structural shortfall could be created to the extent the KIDS budget is underfunded. The only remedies would be emergency supplements from the committee (for which there will be no resources reserved), or budget-adjustment-bill requests that will need to compete with all other agency requests for new and scarce GPR resources.

The KIDS Budget

During the Legislature's action on the 1999-2001 biennial budget, your Committee voted to place this funding in the Committee's appropriation to allow subsequent annual review. The stated rationale for this was twofold: The possibility that fee revenues could be higher than assumed in the budget, and the fact that GPR budgeted for the child-support program had not been entirely expended in some years dating back before the current biennium.

Funding for KIDS included in 1999 Act 9 totaled \$39,087,300 for SFY 2000-01; including \$10,092,500 GPR (of which \$2,000,000 is reserved for the Committee's release), \$21,242,300 FED, \$6,900,000 PR (from the \$25 fee), and an estimated \$852,500 SEG (from the interest earnings on the Support Collections Trust Fund). The PR and SEG funds are applied to the federally mandated CR&D component of the KIDS budget, much of which is performed under DWD's contract with Lockheed-Martin IMS. Any CR&D costs not covered by the proceeds of the CR&D fees and interest earnings—including the costs of the other components of the KIDS budget—must be covered by a combination of GPR and federal aid. The constraint on the amount of federal aid that can be used is the amount of state GPR match available.

Most of the KIDS budget is related to the operation, maintenance, and development of improvements to the actual KIDS computer system, which provides automated case-management and financial-management functions to local child-support agencies. Much of this KIDS work, including specific enhancements requested by counties, is performed under DWD's contracts with IBM Global and Tier Technologies. The KIDS budget includes both these costs and related services performed by state staff in DWD's Bureau of Information Technology Services (BITS).

Finally, a major portion of the KIDS budget that has grown significantly is the InfoTech charges paid to DOA for mainframe services and connection to the State's consolidated data network. Based on SFY 2000-01 expenditures through October 31, DWD projects that these InfoTech charges alone will be \$13,603,000 during the year—up from \$11,316,800 included in the KIDS budget for SFY 1999-00. The KIDS system is one of the largest users of InfoTech services, processing approximately \$900,000,000 in support-related collections annually, with an estimated 20,000 receipts and 20,000 disbursements daily.

KIDS Revenues

The Committee approved the release of the \$2,000,000 reserved for SFY 1999-00 in recognition of a CR&D revenue shortfall due to late passage of the biennial budget, and an additional cost not taken into account when the budget was set. The additional cost not accounted for was financial transaction fees charged by the State's working bank, Firstar.

Bank fees were not budgeted for SFY 2000-01 either. They are currently estimated to be \$831,100 for the year. Interest earnings are used to cover this cost, and they are expected to be somewhat better than a year ago. However, the net effect is still that less of these revenues are available for other things compared to what was assumed in the biennial budget.

Trust Fund interest earnings are projected at \$1,500,000 for the year, \$647,500 greater than the \$852,500 assumed in Act 9, and sufficient to cover the \$831,100 in bank charges. However, since the bank charges were not originally budgeted at all, the \$668,900 in net interest available to cover **other** KIDS costs (e.g., contractor costs), is still \$183,600 **less** SEG revenue than the \$852,500 assumed in Act 9. Using GPR and FED instead of SEG to cover those costs requires \$62,400 in GPR (34% of the \$183,600).

For the long-term outlook, it is unclear whether interest earnings will remain at the SFY 01 level. Our recommendations for the 2001-03 biennial budget reflect a slight decrease, to \$1,300,000 annually. The interest is earned on the "float" between the time support payments are received and the time they are paid out. As the number of custodial parents who elect to receive electronic payments increases, the amount of interest earnings decreases, due to elimination of postal-delivery time and delays in check cashing.

The outlook for revenues from the CR&D fee during SFY 2000-01 is currently better than assumed in Act 9. In SFY 1999-00, the Department collected approximately \$6,000,000 in CR&D fees. We currently project that will increase to \$7,300,000 in SFY 2000-01 and then level off at \$7,500,000 annually for 2001-03. Since about 45% of the revenues represent collections of overdue fees attributable to prior years, it is reasonable to expect that the current statutorily-set flat \$25 fee will eventually produce a leveling off, and possible reduction in succeeding years, as arrearages are reduced. The increases in these fee revenues in the short term are the result of the Department's increased collection efforts, including special mailings to obligors that owe past-due fees, and an increase to three rounds of income-withholding per year to collect from those that have not voluntarily paid their past-due fees.

KIDS Cost Pressures

In spite of the increases in non-GPR revenues, without the \$2,000,000, the Department faces formidable obstacles in maintaining a balanced budget for the KIDS system. Many of these challenges have carried over from the SFY 00 problems, and others are new. As you may recall, KIDS faced three unique issues during SFY 00:

- 1) Late passage of the budget produced a significantly lower level of CR&D fee revenues (\$6,000,000) than the budget assumed (\$7,800,000), while bank charges consumed the interest revenue the budget assumed would be available to the program;
- 2) Like other systems, special work and checks had to be done to assure system functionality on January 1, 2000 ("Y2K"); and
- 3) Significant progress had to be made on federally mandated modifications to the centralized receipt and disbursement system under the provisions of the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. The federal government required that these system modifications be completed by October 1, 2000.

To meet the challenges above without exceeding the GPR budget provided, it was necessary to defer some work and some costs into SFY 2000-01. Some of that work was priority projects identified by counties to be funded by previously approved one-time revenues. While the Department has made a commitment to complete those user-requested system changes this year, the one-time special funding provided for them masks the fact that the Department would have little or no capacity to consider similar projects in the future if it had to rely on a GPR budget that did not include permanent restoration of the \$2,000,000.

While we believe that we have met the essential PRWORA requirements, there are two caveats to that statement: 1) The federal Office of Child Support Enforcement (OCSE) actually has not yet defined some system modifications required under PWRORA; 2) OCSE has not yet certified that we are in compliance. When that occurs, there are likely to be minor adjustments or modifications identified as a part of OCSE's certification review. It will be essential that the Department have an adequate child-support budget in place to respond appropriately to either of those two contingencies in order to ensure Wisconsin's continued compliance and avoidance of federal sanctions.

Some of the PRWORA costs were incurred in this fiscal year. For example, user testing of the lien docket is continuing. However, it is also important to realize that some of the new functions required by PRWORA—notably both the CR&D system and the new-hire reporting system—have ongoing costs, not just one-time system-development costs.

Finally, there are some new and growing cost-pressures in SFY 2000-01 that are likely to be as great or greater in future years. As already noted, one of the largest is the increase in payments to DOA InfoTech to a projected all-time high of \$13,603,000. Second, an additional unbudgeted cost is the increase in postage rates scheduled to occur after January 1, 2001. DWD estimates this postal increase will increase KIDS costs by about \$45,000 for the remaining six months of this fiscal year. The future ongoing annual cost will be twice as high. While this is not large by itself, it is typical of cost increases that occur completely outside the Department's control.

A final new cost pressure I'd like to highlight is the fact that the Department will lose about \$797,900 in federal aid due to a conflict between the federal government's regulation treating unpaid or stale-dated child-support checks as program income and the assumption in Wisconsin state law that these are treated as abandoned property and turned over to the State Treasurer for deposit in the common school fund until claimed. Each year, the child-support program has about \$1,300,000 in such checks, of which about 93%, or \$1,209,000 should be reported to OCSE as program income, even though Wisconsin law does not allow it to be used as such. Our biennial budget recommendations identified the need for a long-term solution to this problem.

Unfortunately, under federal law, child-support program income must be used to offset program expenditures; in other words, costs eligible for federal aid will be reduced by the amount of this income. Reporting this \$1,300,000 as program income will mean that the state will lose \$797,900 in federal funds, equivalent to the federal 66% share of the costs OCSE assumes we should have been able to cover with the \$1,209,000.

Summary

Although child-support program revenues for SFY 01 are likely to slightly exceed the level originally projected in the biennial budget, the \$2,000,000 is still needed to support projected KIDS expenditure increases and a reduction in net revenues compared to Act 9. It is projected that overall KIDS expenditures will be approximately \$2,100,000 higher. \$489,480 of these expenditures are supported one-time prior-year revenues dedicated to priority county KIDS system changes. Due to PRWORA and Y2K, some of that work was, in consultation with counties, deferred to this fiscal year. (As a result, the revenue and expenditure charts below are not additive). The net revenue change is primarily explained by the federal treatment of unclaimed child-support checks, which creates an additional GPR need to support the Act 9 level of expenditures.

KIDS Revenues Change from Act 9	GPR Impact
Increased CR&D fee collections	\$ 136,000
Interest revenue loss due to bank fees	\$ (62,400)
To replace FED lost for unclaimed checks	\$ (797,900)
Net revenue change—GPR equivalent	\$ (724,300)

Net increase in KIDS system costs	\$ 2,091,200
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Senator Brian Burke
Representative John Gard
November 29, 2000
Page five

Consistency with s.13.101 Criteria

While this request is being submitted pursuant to Legislative intent in the last biennial budget that this \$2,000,000 in base child-support funding be subject to your additional review and scrutiny, this letter is also intended to address all criteria enumerated under s 13.101 (3):

- 1) An emergency exists because it would be difficult, if not impossible, to maintain essential elements of the KIDS budget intact without the \$2,000,000, considering unbudgeted and essentially mandatory cost-increases, such as bank financial charges, DOA InfoTech charges, and increased postage.
- 2) No other funds are available for this purpose. The GPR needs of the KIDS budget are those that remain after applying the anticipated child-support-related revenues, which will not be sufficient under current law to eliminate the need for this GPR.
- 3) The purposes for which additional funding—administration of the State's child-support enforcement, collection, and distribution responsibilities—have been authorized by the Legislature.

We ask the Committee's careful review and consideration of this request. Jennifer L. Noyes, Administrator of the Division of Economic Support, Eric Baker, Administrator of the Division of Administrative Services, and I will represent the Department at the s.13.10 meeting.

Sincerely,



Jennifer Reinert
Secretary