

13.10 Meeting
December 19, 2000
Agenda Item XIV

Issue: DOA - Stripper Oil Overcharge Funds

Comments:

Both the Senate and Assembly Committees have formally waived jurisdiction over this issue so it is properly before JFC.

Overall, these projects seem worthy of funding and DOA has put together a pretty good package of projects.

Of special mention is Program Element D - the K-12 Energy Education Program (KEEP). This is a great "EE" program and WEEB has helped provide some funding for this effort over the years. There is also a memo from the Energy Center attached that supports the KEEP funding.

Also be aware that there is money proposed for State Fair Park and UWM in this DOA plan.

If you are going to support any motions to change elements of the plan be sure to protect these items.

Staff Recommendation:

Alternatives 1 & 2 (together)

Prepared by: Barry



ENERGY CENTER OF WISCONSIN

595 Science Drive
Madison, Wisconsin 53711-1060
608-238-8276 - 608-238-8733

DATE December 18, 2000
TO Members of Joint Finance
CC Legislative Fiscal Bureau
FROM Mark Hanson, Executive Director

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

Page 1 of 2

SUBJECT *Wisconsin K-12 Energy Education Program*

I am writing to urge you to support funding for the Wisconsin K-12 Energy Education Program (KEEP) as part of the Governor's Oil Overcharge Plan.

Supporting KEEP helps teachers to increase the energy literacy of their students—Wisconsin's next generation of energy users and decision makers.

Energy is hot news again. From the proposed power lines in northern Wisconsin to the power crisis in California, energy dominates our headlines. Beyond the headlines, there's an increased awareness of the complexity of energy-related issues like climate change.

That means that energy literacy is more important than ever.

KEEP helps teachers increase and improve the energy literacy of their students by giving them an unbiased, comprehensive program of energy concepts and hands-on activities. Through KEEP students can increase their scientific understanding of energy and they can also explore the economic and historic aspects of energy. Teachers use KEEP to give their students the knowledge and skills they need to make good energy decisions. Some teachers also use KEEP to facilitate school-home and school-to-work interactions, or to launch community initiatives.

Attached you will find a fact sheet that gives you more background information on KEEP.

Since 1995 Wisconsin's electric and gas utilities have invested more than \$1 million through the Energy Center of Wisconsin to develop and field KEEP. (The utilities have provided about 80% of KEEP's funding with the bulk of the additional funding coming as in-kind match from the University of Wisconsin-Stevens Point.) By allocating Oil Overcharge monies to this effort you can signal your commitment to energy education as well.

If you have questions about KEEP, please call me or Kathy Kuntz (the KEEP project manager here at the Center) at the number listed above.

KEEP



Wisconsin Center
for
Environmental
Education
&
Energy Center
of Wisconsin

Wisconsin K-12 Energy
Education Program

Learning Resource Center
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What is KEEP?

Wisconsin K-12 Energy Education Program. The goal of KEEP is to improve and increase energy education in Wisconsin. KEEP is a collaborative effort of the Wisconsin Center for Environmental Education and the Energy Center of Wisconsin. Wisconsin's electric and gas utilities provide the bulk of the funding for KEEP.

Why does Wisconsin need KEEP?

Energy literacy is critical to Wisconsin's economic and environmental future.

Wisconsin's Model Academic Standards recognize the importance of energy education; a variety of energy concepts are included in the standards. Until KEEP, Wisconsin lacked the appropriate frameworks and support systems for a sequential and comprehensive approach to energy education in schools. Teachers reported they needed more education and resources to be able to incorporate energy into their lessons. And students lacked energy literacy. The KEEP Baseline Study found that

- ✓ only 56% of the 7th through 12th grade students could identify the sun as Earth's primary source of energy, and
- ✓ Only 38% of the secondary students surveyed identified energy efficiency as a solution to energy shortage problems.

What has KEEP accomplished to date?

A Conceptual Guide to K-12 Energy Education in Wisconsin: Identifies 59 important energy concepts that students should know and understand.

KEEP Activity Guide: Contains 44 hands-on, interdisciplinary lessons that are aligned with Wisconsin's academic standards and make energy relevant to students' lives.

Promising Practices in Wisconsin: Creating a Network of Energy Educators: Spotlights the efforts of teachers to who have successfully brought energy into their classroom and encourages teacher networking.

Inservice course for K-12 teachers: Provides teachers with hands-on experience teaching lessons from the Activity Guide along with assistance in securing additional energy-related teaching resources. The course increases teachers' energy literacy and increases the likelihood that they will implement KEEP materials in their classrooms.

Competent Energy Educators: About 1,300 Wisconsin teachers have participated to date in the KEEP inservice. These teachers report that they now have the training and experience to teach about energy. They also report that their classroom teaching now includes more activities and lessons about energy.

What is next for KEEP?

Supporting a statewide network of energy educators: Graduates of KEEP inservices will receive continued updates and information about energy education events and opportunities in Wisconsin through KEEP's biannual newsletter and other communications.

Building partnerships between KEEP and other energy initiatives: By working with other Wisconsin programs KEEP will help teachers stay informed about current efforts and identify student learning opportunities. KEEP is working with the Wisconsin Energy Initiatives - 2 (WEI-2) to help teachers integrate the energy use at their school into classroom learning. Similarly, KEEP is working with various residential energy efficiency programs to strengthen student learning about energy use at home.

Increasing support for elementary teachers: KEEP is publishing an elementary supplement to provide K-4 teachers with the support they need to integrate critical energy concepts into their curricula. The supplement will help K-4 teachers meet Wisconsin's Model Academic Standards.



WISCONSIN DEPARTMENT OF
ADMINISTRATION

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Date: December 18, 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 Administration for Governor's 2000 Oil Overcharge Plan.

Request

In accordance with s. 14.065, the Governor requests approval of the Stripper XX Oil Overcharge Plan, allocating a total of \$821,500 (\$348,200 of new Stripper funds, \$456,300 received from the US Department of Energy and \$17,000 in interest) to existing program and policy requirements.

Analysis

A. Ethanol Refueling Infrastructure - \$230,000

In an effort to reduce harmful exhaust emissions from vehicles, the Ethanol Refueling Infrastructure program will help fund the development of an ethanol refueling infrastructure in southeastern Wisconsin. The funding would be used to pay for the development, installation and promotion of E-85, a mixture of 85% ethanol and 15% gasoline, refueling facilities. \$11,500 (or 5%) of funding would be used for program management with the remaining monies being used to fund infrastructure improvements.

B. Fresh Start - \$200,000:

Currently, at risk youths participate in Operation Fresh Start by aiding in the construction of energy efficient homes. Program funding is often used to provide energy efficient appliances, insulation materials and windows necessary to ensure that the homes are energy efficient. Approximately 20 homes will be constructed with Stripper XX monies. The funding would be divided equally between FY01 and FY02.

C. Agriculture-Energy Pilot Program - \$120,000:

The Department of Agriculture, Trade and Consumer Protection and the Department of Administration will jointly establish an Agriculture-Energy Pilot Program. This pilot will attempt to develop and demonstrate new technologies and systems to produce energy or energy raw materials on Wisconsin farms. The program would work with an advisory council with members from farm organizations, the Midwest Rural Energy Council, the University of Wisconsin's Program on Energy Analysis and Policy, Rural Energy management Council and the Ad Hoc Agricultural Biogas Group.

D. KEEP - \$92,300

Wisconsin's K-12 Energy Education Program (KEEP) is a Wisconsin-specific energy education program providing K-12 teachers in all subject areas with energy-efficiency education activities. This funding would aid in providing materials and consulting services to teachers who wish to expand energy education at their schools. This program also receives funding from the Energy Center of Wisconsin and the University of Wisconsin - Stevens Point.

E. Clean Cities - \$90,000:

The Clean Cities program will be administered by the Wisconsin Clean Cities - Southeast Area Inc. (WCC-SEA). WCC-SEA is a non-profit, volunteer driven organization serving Southeastern Wisconsin. The mission of the group is to expand the use of alternative motor fuels by facilitating the purchase of alternative fuel vehicles and developing supporting refueling infrastructure. This funding would be used to share a two-year Executive Director position. Previous Oil Overcharge monies (Stripper XIX) were used to fund this position.

F. Energy Efficiency - State Fair Park - \$50,000:

The Department of Administration would begin a program to study the feasibility of using energy efficiency techniques to reduce energy usage at the State Fair Park. Techniques could include use of waste heat and renewal energy sources. Energy savings could reduce the state energy expenditures and could serve as a model to others on how to reduce energy usage.

G. Bio Industrial Lubricants - \$30,000:

Funding for this program would aid in the development and marketing of high quality industrial oil (canola, sunflower and rapeseed oil) produced in northern Wisconsin. These oils may have uses as bio-lubricants and fuel additives thus

lessening the reliance on petroleum products and promoting the use of renewal resources.

H. Energy Program Management - \$9,200:

This funding would be used to provide administrative support to continue the oil overcharge activities. Previous Stripper IV, XV, XVI, XVII, XVIII and XIX Oil Overcharge Plans have allocated monies for this purpose.

Recommendation

Approve the request. The following table summarizes the request.

Program	Request	Recommendation
Ethanol Refueling Infrastructure	\$230,000	\$230,000
Operation Fresh Start	\$200,000	\$200,000
Agriculture-Energy Pilot	\$120,000	\$120,000
KEEP	\$92,300	\$92,300
Clean Cities	\$90,000	\$90,000
State Fair Park Pilot	\$50,000	\$50,000
Development of Bio Industrial Lubricants	\$30,000	\$30,000
Energy Program Management	\$9,200	\$9,200
Total:	\$821,500	\$821,500

Prepared by: Cynthia Dombrowski
266-5878



Legislative Fiscal Bureau

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December 19, 2000

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Section 13.10 Request to Approve the Governor's Plan for Expenditure of "Stripper XX" Oil Overcharge Restitution Funds -- Agenda Item XIV

Under procedures set forth in s. 14.065 of the statutes, any new oil overcharge expenditure plan from the Governor must be submitted simultaneously to the Joint Committee on Finance and to the Chief Clerk of each house of the Legislature. The Chief Clerks must then forward the plan to the standing committee in each house having jurisdiction over energy matters. The energy committees have up to 30 calendar days from receipt of the Governor's proposal to forward their written recommendations on the proposed oil overcharge expenditure plan to the Joint Committee on Finance. The Joint Committee on Finance may not hold a meeting under s. 13.10 to approve, modify or disapprove the Governor's proposal until either 30 calendar days after the original receipt of the proposal or upon receipt of the energy committees' recommendations, whichever is earlier.

On December 5, 2000, the Committee received a letter from Governor Thompson, dated November 24, 2000, containing a proposal to expend \$821,497.70 FED (plus all future interest accruals) of oil overcharge restitution funds. This proposed expenditure plan constitutes the latest allocation of "stripper well" funds which first began to be received by the state in December, 1986. The funds in question continue to derive from settlement payments arising under suits between the federal Department of Energy (DOE) and petroleum companies found to have illegally overcharged consumers for petroleum products between 1974 and 1981.

This current expenditure plan was submitted to the Senate and Assembly Chief Clerks and was forwarded by them respectively to the Senate Committee on Health, Utilities, Veterans and Military Affairs and to the Assembly Committee on Utilities. Neither of these committees intends to hold hearings on the current proposal during the 30-day review period for the purpose of developing alternative written recommendations for consideration by the Joint Committee on

Finance. Accordingly, the Co-Chairs have scheduled the "Stripper XX" oil overcharge allocation proposal for consideration at the Committee's December 19, 2000, meeting under s. 13.10 of the statutes.

BACKGROUND

Oil overcharge funds have derived from a variety of federal court settlements involving controversies over the validity of applying certain price controls on crude oil during the period from early 1974 until early 1981. During the period in question, the affected oil producers were required to deposit to an escrow fund the difference between the uncontrolled crude oil price at the time and the controlled price, pending a determination of the validity of the federal pricing regulations. These regulations were ultimately upheld and oil overcharge distributions began flowing to the states in late 1983. A subsequent, highly complex final settlement agreement relating to the distribution of the escrow funds was entered in mid-1986 by the federal court having jurisdiction over these cases. This 1986 settlement agreement was made the mechanism by which all future oil overcharge restitution fund amounts deriving from a variety of sources would be distributed to the states.

Since 1983, the state has received \$80.1 million of "stripper well," Exxon and other oil overcharge restitution funds from a variety of federal court settlements and has earned an additional \$31.1 million in interest on these amounts, for a total of \$111.2 million through November, 2000. Most of this funding was received by the state during the decade after 1985. It is anticipated that the state will continue to receive oil overcharge restitution funds under the "stripper well" payout mechanism at least for a few more years; however, the amount of these future distributions are expected to be relatively modest.

To date, "stripper well" funds totaling about \$37.5 million have been formally allocated on nineteen previous occasions, in fifteen instances as a result of action on allocation proposals submitted by the Governor and in four instances as a result of specific legislation. In one additional instance, the Legislature attempted to allocate what would have been "Stripper XX" funds by direct legislation (1999 Wisconsin Act 113). Under Act 113, the Legislature earmarked available current and future unprogrammed oil overcharge funds plus all future interest accruals for energy conservation treatments in rental housing owned by persons seeking to obtain a certificate of lead-free status for the property. However, on June 15, 2000, the federal DOE disallowed the use of "stripper well" funds for this purpose and the funds reverted to unprogrammed status. These funds, along with additional settlement monies received in November 2000, are the subject of the current allocation proposal.

The previous "stripper well" allocations are summarized below in Table 1.

TABLE 1

Previous "Stripper Well" Oil Overcharge Allocations

<u>Allocation</u>	<u>Action</u>	<u>Date</u>	<u>Original Amount Allocated (FED)</u>
Stripper I Plan	JFC Modified Plan	December 18, 1986	\$12,792,700 ^a
Stripper II Plan	JFC Modified Plan	January 27, 1988	2,356,100 ^a
Stripper III Plan	JFC Modified Plan	May 2, 1988	100,000
Stripper III Amendment	1987 Wisconsin Act 399	May 17, 1988	300,000
Stripper IV Plan	JFC Modified Plan	December 12, 1988	2,930,507 ^b
Stripper V Plan	JFC Modified Plan	March 15, 1989	232,544 ^c
Stripper VI Plan	1989 Wisconsin Act 31	August 9, 1989	600,000
Stripper VII Plan	JFC Modified Plan	December 19, 1989	3,108,597 ^d
Stripper VIII Plan	JFC Modified Plan	December 18, 1990	2,642,111 ^e
Stripper IX Plan	JFC Modified Plan	March 13, 1991	95,000
Stripper X Plan	1991 Wisconsin Act 39	August 15, 1991	998,500
Stripper XI Plan	JFC Modified Plan	February 13, 1992	1,711,819 ^f
Stripper XII Plan	JFC Modified Plan	December 15, 1992	3,379,416 ^g
Stripper XIII Plan	1993 Wisconsin Act 16	August 12, 1993	1,158,200
Stripper XIV Plan	JFC Modified Plan	February 2, 1994	1,613,398 ^h
Stripper XV Plan	JFC Modified Plan	October 25, 1995	539,500 ⁱ
Stripper XVI Plan	JFC Modified Plan	April 16, 1996	700,000 ^j
Stripper XVII Plan	JFC Modified Plan	September 26, 1996	1,018,461 ^k
Stripper XVIII Plan	JFC Modified Plan	June 23, 1998	745,938 ^l
Stripper XIX Plan	JFC Modified Plan	April 21, 1999	513,309 ^m
Stripper XX Plan	1999 Wisconsin Act 113	May 23, 1999	0 ⁿ
TOTAL ALLOCATIONS			\$37,535,406

^aPlus all interest accruing [allocated to the institutional conservation (Schools and Hospitals Weatherization Program)]. In addition, \$1,000,000 originally allocated for construction of an ethanol plant on January 27, 1988, was subsequently reallocated as part of the December 12, 1988, "Stripper IV" approval.

^bPlus interest (identified as \$82,100 in 1989-90 and \$138,200 in 1990-91 in the 1989-91 biennial budget) allocated to the DOA Energy Bureau for oil overcharge management and reporting activities.

^cPlus interest accruing to December 31, 1988.

^dPlus accrued and future "Stripper VI and VII" interest.

^ePlus accrued and future "Stripper VIII" interest.

^fPlus accrued and future "Stripper XI" interest. An additional \$250,000 of "Stripper XI" funds were also allocated for a Sheet Metal Workers Energy Management Program; however, this component was item vetoed by the Governor. The resulting unprogrammed \$250,000 subsequently became part of the "Stripper XII" allocation plan.

^gPlus accrued and future "Stripper XII" interest.

^hPlus accrued and future "Stripper XIV" interest. Of the amounts originally allocated, \$30,000 was placed in unallotted reserve by Joint Finance. On June 22, 1994, the Committee subsequently allocated the amounts in unallotted reserve to fund an auto train feasibility study by the Department of Transportation.

ⁱAllocation of available unprogrammed oil overcharge balances to supplement low-income energy assistant program crisis assistance benefits which had most recently been provided under "Stripper XIV" and through reallocations of Exxon oil overcharge residual amounts. Since these earlier approved allocation plans had been submitted for amendment approval at the October 25, 1995, meeting of Joint Finance, the Committee acted to allocate these unprogrammed funds in the context of approving the amendments to the earlier plans.

^jPlus accrued and future "Stripper XVI" interest. Of the amounts allocated, \$100,000 was placed in unallotted reserve for subsequent release after submittal of a detailed expenditure plan for low-income initiatives.

^kPlus accrued and future unallocated "Stripper XV" interest and all accrued and future "Stripper XVII" interest. On December 16, 1996, the Committee amended the "Stripper I and II" and Exxon allocations to exchange Exxon funds for "Stripper" funds.

^lPlus accrued and future "Stripper XVIII" interest. An additional \$845,182 was reprogrammed from the residual balances of previous "Stripper well" allocations (\$345,182) and Exxon allocations (\$500,000)

^mPlus accrued and future "Stripper XIX" interest. The allocation also includes a reallocation of \$66,000 of deobligated Exxon funds.

ⁿAn allocation of what would have been "Stripper XX" funds (all current and future unprogrammed funds) plus all future interest for energy conservation treatments in rental housing with significant lead paint contamination was ultimately disallowed by the federal DOE. The funds that would have been allocated by Act 113 reverted to unprogrammed status and are now the subject of the new "Stripper XX" proposal currently before the Committee.

SUMMARY OF THE CURRENT OIL OVERCHARGE ALLOCATION PROPOSAL

The Governor's "Stripper XX" proposal would allocate for expenditure the following \$821,497.70 FED of oil overcharge restitution funds, plus future interest accruals on these funds, from the federal DOE: (1) \$348,166.81 FED received in November, 1999; (2) \$456,322.33 received in November, 2000; (3) \$17,008.56 of interest already earned on these amounts; and (4) all future interest accruals on the entire "Stripper XX" balance. The program elements constituting the Governor's "Stripper XX" proposed allocation plan are summarized in Table 2.

TABLE 2

Governor's Oil Overcharge Plan Proposal To Expand "Stripper XX" Oil Overcharge Funds (FED Funds)

<u>Program Element</u>	<u>Administrating Agency</u>	<u>Governor's Proposal</u>
A. Ethanol Refueling Infrastructure	UW-Milwaukee (Center for Alternative Fuels)	\$230,000
B. Operation Fresh Start Program	Administration (Housing and Inter-Governmental Relations)	200,000
C. Agriculture-Energy Pilot Program	Agriculture, Trade and Consumer Protection	120,000
D. K-12 Energy Education Program (KEEP)	Administration (Energy)	92,920
E. Clean Cities Program	Wisconsin Clean Cities-Southeast Area, Inc.	90,000
F. State Fair Park Board Energy Efficiency Project	Administration (Energy)	50,000
G. Development of Bio-Industrial Lubricants	Administration (Energy)	30,000
H. Energy Program Management	Administration (Energy)	<u>9,208*</u>
TOTAL		\$821,498

*Plus all future interest accruals.

ANALYSIS

Each of the "Stripper XX" program elements is discussed in the following sections. The program element designations are the same as those listed in Table 2.

A. Ethanol Refueling Infrastructure. The Governor has proposed allocating \$230,000 of "Stripper XX" funds as part of a joint public and private sector venture ("E85 Infrastructure Development Initiative for Southeastern Wisconsin") to support the development, installation and promotion of 10 public ethanol refueling stations in southeastern Wisconsin. The program would be administered by the UW-Milwaukee Center for Alternative Fuels and by the Wisconsin Alternative Fuels Task Force.

Ethanol infrastructure development activities have previously been funded by the following oil overcharge allocation:

<u>Date</u>	<u>Nature of Allocation Action</u>
April 16, 1996	Allocate \$25,000 of "Stripper XVI" funds to develop four ethanol refueling sites in Wisconsin to promote long-distance intercity travel using alternative fuels.

Provisions of the federal Clean Air Act of 1990 and the Energy Policy Act of 1992 have required that southeastern Wisconsin air quality nonattainment counties reduce total emissions from fossil fuels by 10%. In addition, large public and private sector motor fleets are required to ensure that at least 75% of new vehicle purchases are flexible fuel (or "E85") vehicles, capable of utilizing alternative fuels with up to 85% ethanol, 15% gasoline, and a denaturant. The Department of Administration estimates that approximately 1,600 of the state's estimated 7,400 vehicles are currently E85-compliant. The number of E85-compliant vehicles in the state fleet will continue to rise each year as older vehicles are replaced.

The federal DOE has recently surveyed the major metropolitan areas in the United States in an effort to assess their relative capabilities of supporting E85-compliant motor fleets, provided that an ethanol refueling infrastructure was in place. The survey looked at such factors as the presence of large public and private sector fleets subject to the E85 requirements, travel and commuting patterns and the availability of ethanol suppliers. The Milwaukee metropolitan area (and adjacent southeastern Wisconsin counties) was ranked the fourth most favorable urban area for the development of an ethanol refueling infrastructure. The cities ranked ahead of the Milwaukee area have already begun developing public/private joint ventures to establish a network of ethanol refueling stations. To date, 12 stations have been planned or opened in the Chicago area, 34 stations have been planned or opened in the Minneapolis/St. Paul area, and 15 stations have been planned or opened in the Denver area.

The proposed \$230,000 "Stripper XX" allocation is expected to be matched by \$355,000 from other public and private sources for a total budget of \$585,000. The federal DOE will provide seed monies for the project but requires that at least two-thirds of the required funding come from other sources. Table 3 lists the entities that are expected to participate in the ethanol refueling infrastructure project and the contribution amounts anticipated from each.

TABLE 3

Ethanol Refueling Infrastructure Project Contributors

Ford Motor Company	\$200,000
U.S. Department of Energy	75,000
Illinois Department of Commerce and Community Affairs	40,000
Wisconsin Corn Promotion Board	30,000
Illinois Corn Promotion Board	10,000
Proposed "Stripper XX" Allocation	<u>230,000</u>
 TOTAL	 \$585,000

The project would support the establishment of 10 public access E85 refueling stations in the southeastern Wisconsin nonattainment area. Funds would be used to: (1) solicit retailers to participate in the program; (2) cover the costs of storage tanks, piping and pumping systems and their installation; and (3) marketing efforts, once the stations come on line. The cost of equipment installation is expected to vary depending on whether the equipment is installed at a new gas station under construction (approximately \$25,000 per facility) or at an existing facility that would have to be retrofitted (approximately \$70,000 per facility). To the extent that the new ethanol pumps can be installed more cheaply at gas stations under construction, the projected project budget may be sufficient to fully fund the installations without requiring cost-sharing by the owner of the facility. However, if the majority of the installations are at facilities that must be retrofitted, the owners may be required to cost-share up to 20% of each project's cost. Facility operators would be expected to participate in the program for a minimum of four years.

In addition to the previously cited ethanol refueling infrastructure project funded by "Stripper XVI" funds, the Committee has also acted on a number of other occasions in the past ("Stripper VIII, XI, XII, XIV and XIX") to increase the availability of non-gasoline motor fuels by funding alternative fuel projects for local government motor pools. Based on the Committee's previous support for these types of alternative fuel projects, the potential benefits to air quality in the nonattainment counties of southeastern Wisconsin and the potential importance of the project to the state's agricultural economy of developing a demand for ethanol-based fuels, the Committee may wish to provide \$230,000 of "Stripper XX" funds for the project. Alternatively, if the Committee believes that other restitutionary programs should receive a higher priority, it could reallocate the \$230,000 to another purpose of the Committee's choosing.

B. Operation Fresh Start Program. The Governor has proposed allocating \$200,000 of "Stripper XX" funds to support certain energy conservation activities of projects for the Operation Fresh Start (OFS) program. The DOA's Division of Housing and Intergovernmental Relations would administer this program.

Funding to support OFS program energy conservation activities have previously been funded by the following oil overcharge allocation:

Date

Nature of Allocation Action

April 21, 1999

Allocate \$90,000 of "Stripper XIX" funds and reallocate \$10,000 of residual Exxon oil overcharge funds to purchase high efficiency appliances for OFS projects and to provide weatherization training for OFS enrollees.

The Operation Fresh Start program supports projects that replicate the long-running Madison program of the same name. This program assists youth and adults (ages 16 to 24) with alcohol and other drug abuse problems, poor health and nutrition, low educational achievement, poor employment history, physical, sexual and emotional abuse or criminal histories to become self-sufficient. A focus of the program is to rehabilitate substandard housing into well-built, affordable and mechanically sound dwellings for sale to low- and moderate-income homeowners.

Provisions of the 1999-01 biennial budget appropriated \$232,000 GPR annually to the Committee's s. 20.865(4)(a) appropriation for release each year to the OFS program once DOA had secured annual funding commitments sufficient to support up to 10 OFS annual project grants of approximately \$200,000 each. A total \$225,500 GPR for 1999-00 was released by the Committee to DOA on December 21, 1999, as part of a 10-project OFS funding package that ultimately totaled \$2,193,445. Included in that funding package was \$100,000 from the April 21, 1999, allocation of oil overcharge funds. These oil overcharge funds were used to: (1) purchase energy-efficient furnaces and appliances for the rehabilitated housing (approximately \$80,000 of the total allocation); and (2) provide training in home weatherization skills for program enrollees (approximately \$20,000 of the total allocation).

The Committee subsequently released the remaining \$238,500 GPR for 2000-01 to DOA on September 14, 2000, as part of grant funding package totaling \$2,177,500. No oil overcharge funds were included in the funding commitments identified by DOA for the 2000-01 OFS grant cycle; however, DOA did indicate at the time that additional funding might become available from future oil overcharge allocations that could further supplement the OFS funding package.

Under the Governor's "Stripper XX" allocation proposal, the \$200,000 would be equally divided between two grant cycles (one in 2000-01 and the other in 2001-02). This funding would support the purchase of high efficiency furnaces (\$80,000) and cadet training in weatherization practices (\$20,000) for 10 OFS projects during each grant cycle.

In light of the Committee's previous action to support a portion of the OFS program's energy-related costs with oil overcharge funds, the Committee may wish to approve the Governor's proposed allocation for this same purpose. Alternatively, if the Committee believes that other restitution programs should receive a higher priority, it could reallocate the "Stripper XX" interest earnings to another purpose of the Committee's choosing.

C. Agriculture-Energy Pilot Program. The Governor has proposed allocating \$120,000 of "Stripper XX" funds to support pilot projects that demonstrate the feasibility of

utilizing farm raw materials and waste products for on-farm energy production. The funding would also be used to promote and educate the public about the projects and their results. The pilot program would be administered by the Department of Agriculture, Trade and Consumer Protection (DATCP).

Although the specifics of the operation of this project have yet to be finalized, it is anticipated that several demonstration projects would be funded, based on the review and ranking of requests for proposals submitted to DATCP from the private sector. It is anticipated that funded applicants will have to demonstrate that they have the necessary technical capabilities to carry out the projects.

The types of demonstration projects likely to be funded under the program would include: (1) on-farm energy generation pilots that test the feasibility of producing crops that can be converted into energy for direct use on the farm-site; (2) innovative procedures to convert grains into biodiesel and ethanol products; (3) feasibility studies of the use of fuel cells, biogas and biomass systems to generate energy for direct use on the farm-site; and (4) testing emerging biochemical technologies that use agricultural raw materials and have potential to reduce non-renewable energy use on the farm. Priority would be given to projects that have the greatest potential for the successful development of pilot plants or demonstration facilities to produce renewable resources.

The proposed agriculture-energy pilot program represents an eligible use of oil overcharge funds. The Committee has previously supported a variety of allocations in support of the development of alternative agricultural fuel sources. These actions have included: (1) sustainable agriculture grants under "Stripper XIV" (\$100,000) and under "Stripper VII" (\$500,000); and (2) a demonstration project for using switchgrass as a fuel in the production of electricity and ethanol under "Stripper XVI" (\$15,000). Accordingly, it may wish to approve the allocation. Alternatively, if the Committee believes that other restitutionary programs should receive a higher priority, it could reallocate the \$120,000 proposed for the agriculture-energy pilot program to another purpose of the Committee's choosing.

D. K-12 Energy Education Program (KEEP). The Governor has proposed allocating \$92,290 of "Stripper XX" funds to develop an educational framework and curriculum for use in grades K-12, and to disseminate materials on the use and production of energy to Wisconsin teachers. The program would be administered by DOA's Energy Bureau, which would disburse the funding to the Wisconsin Energy Center.

The KEEP program has previously been funded by the following oil overcharge allocation:

<u>Date</u>	<u>Nature of Allocation Action</u>
December 15, 1992	Allocate \$100,000 of "Stripper XII" funds to the Department of Public Instruction's Environmental Education Board. As part of this allocation, a grant of \$20,000 was made to the Energy Center of Wisconsin to develop an energy education curriculum (KEEP).

The Governor subsequently proposed that \$50,000 of "Stripper XVIII" and reallocated Diamond Shamrock funds be allocated to the Wisconsin Energy Center to pay for course materials and tuition of Wisconsin school teachers participating in the KEEP program. However, the Committee deleted this allocation request for KEEP and allocated the funding instead to the Milwaukee energy efficient housing project.

The current KEEP allocation proposal would use \$92,290 of oil overcharge funds to partially fund a \$319,432 program budget during the 2000-01 fiscal year. The additional monies sufficient to fund the KEEP budget would be provided by the Energy Center of Wisconsin (\$92,290), the University of Wisconsin-Stevens Point (\$44,852) and other outside funds (\$90,000).

KEEP is a Wisconsin-specific energy education program that provides teachers with energy education applications that are suitable to in-class projects and demonstrations. Teachers may use KEEP to: (1) fulfill DPI standards in various subject areas; (2) demonstrate the ties between science and social science topics; (3) facilitate a more integrated energy curriculum; and (4) create a hands-on learning opportunity for their students.

To date, the program has consisted of three phases. In phase 1, basic energy education curriculum materials for grades K-12 were developed and completed. Phase 2 focused on developing a college level educational course for teachers and assisting public and private teachers in taking this course through tuition and supply reimbursements. Phase 3 is an on-going effort to provide enhancements to the basic KEEP program.

Under the current allocation proposal, the following phase 3 program enhancements would be pursued: (1) the design and implementation of an energy education networking workshop for college instructors who teach science and social studies methods classes for future teachers; (2) the coordination and design of specialized institutes in various regions of the state to facilitate teams of educators and community resource professionals in using school buildings as energy education laboratories; and (3) the development of special topic curriculum materials, including the creation of a university-level web-based energy literacy course.

In the supporting materials provided by the Energy Center of Wisconsin for the proposed \$319,432 KEEP budget for 2000-01, it is indicated that Center funding (primarily received from utilities) totaling \$184,580 was already available for the program and would be supplemented by \$44,852 in matching funds from UW-Stevens Point and \$90,000 from other sources. Notwithstanding the fact that the KEEP budget for 2000-01 appears to be fully funded, the Center requested that oil overcharge allocations be used to offset one-half of the Center's

commitment (\$92,290), thereby allowing the Center to reallocate an equivalent amount to support an energy efficiency research and development project at the University of Wisconsin. Ultimately, the KEEP program can likely request funding from the DOA-administered public benefits program, which will contain monies for established environmental and energy education programs.

The Committee has previously approved start-up funding for KEEP (under "Stripper XII") and the support of energy education activities constitutes an appropriate use of oil overcharge restitution funds. Therefore, the Committee could choose to provide \$92,290 of "Stripper XX" funds for the program. However, in light of the Committee's denial of a subsequent "Stripper XVIII" allocation to this program and given that the Energy Center of Wisconsin already has available funding to support the KEEP program during 2000-01 but wishes instead to reallocate a portion of those budgeted funds to another purpose, the Committee could choose to deny the requested allocation and reallocate the \$92,290 to another purpose of the Committee's choosing.

E. Clean Cities Program. The Governor has proposed allocating \$90,000 of "Stripper XX" funds to continue for another two years the partial support of the salary and fringe benefits costs of the executive director of the Wisconsin Clean Cities-Southeast Area, Incorporated (WCC-SEA). The funds would be administered by the WCC-SEA.

The clean cities program has previously been funded by the following oil overcharge allocation:

<u>Date</u>	<u>Nature of Allocation Action</u>
April 21, 1999	Allocate \$72,000 of "Stripper XIX" funds to provide matching funds to support a portion of the costs of an executive director position of Wisconsin Clean Cities-Southeast Area, Inc.

The WCC-SEA is a voluntary, non-profit, public and private sector partnership in southeastern Wisconsin that seeks to expand the use of alternative motor fuels. The organization advances this goal by facilitating the purchase of alternative-fueled vehicles and by encouraging a supporting refueling infrastructure. The organization's executive director works to educate fleet managers and public decision-makers on the benefits of alternative-fueled vehicles. In addition, the executive director provides information on the availability financial assistance for alternative-fueled fleets and on understanding and satisfying government requirements for the purchase and use of alternative-fueled vehicles. The ultimate goal of the WCC-SEA is to become entirely self-supported by the entities benefiting from the organization's services, such as energy producers, environmental groups, health organizations, alternative fuel producers, and farmers.

The executive director position for WCC-SEA was first filled in July, 1999, and was funded for the first two years from a combination of "Stripper XIX" funds, federal DOE funds and gifts and donations. The Committee has previously acted to allocate oil overcharge for the

broad purposes of promoting alternative fuel use and developing an alternative fuel infrastructure. The original start-up funding for the WCC-SEA executive director position may be viewed as an extension of this general alternative fuel funding purpose. Because of this past support and because the current WCC-SEA executive director position cannot now be staffed without further oil overcharge subsidies, the Committee could choose to make a further allocation of "Stripper XX" funds for this purpose.

However, the Committee may also wish to address the extent to which it wishes to provide on-going salary and fringe benefits funding for staff other than those involved in the direct administration (by DOA) of oil overcharge programs. In general, oil overcharge funds have not been used to provide long-term staffing support for grantees. While the Committee may conclude that it is still necessary at this time to provide additional salary and fringe benefits funding for the executive director of the clean cities program for another two years, the Committee could specify that the "Stripper XX" allocation be considered a one-time extension of oil overcharge funding for this purpose. Alternatively, if the Committee believes that other restitutionary programs should receive a higher priority, it could reallocate the \$90,000 proposed for this purpose to another purpose of the Committee's choosing.

F. State Fair Park Board Energy Efficiency Projects. The Governor has proposed allocating \$50,000 of "Stripper XX" funds for a feasibility study of the use of waste heat generated at State Fair Park facilities to reduce the agency's future fuel and utility expenditures. The program would be administered by DOA's Energy Bureau.

The State Fair Park proposes to use the "Stripper XX" allocation to engage the services of engineering faculty at the UW-Milwaukee Department of Mechanical Engineering to assess the potential of using waste heat produced by ice-making machines at the Pettit National Ice Center. Currently, much of this excess heat is lost through the roof through evaporate condensers, rather than being recaptured. If the study determines that engineering and retrofitting adjustments would be cost effective, some of the waste heat could be recycled to warm the Ice Center and adjacent buildings. An additional focus of the feasibility study would be to assess the potential for installing a wind-powered electric generator at the State Fair Park.

During 1999-00, the State Fair Park expended \$497,800 PR on electricity and \$109,000 PR for natural gas. It is anticipated that the potential modifications could reduce these fuel and utility expenditure levels in the future. The actual implementation of any proposed structural or heating and cooling system modifications would have to be addressed as part of the approved state building program.

The proposed feasibility study of energy efficiency improvements at the State Fair Park represents an eligible use of oil overcharge funds. Accordingly, the Committee may wish to approve the allocation. Alternatively, if the Committee believes that other restitutionary programs should receive a higher priority, it could reallocate the \$50,000 to another purpose of the Committee's choosing.

G. Development of Bio-Industrial Lubricants. The Governor has proposed allocating \$30,000 of "Stripper XX" funds for marketing research to develop customer niches and distribution channels for high quality industrial oil manufactured from plant materials produced in northern Wisconsin. This program would be administered by DOA's Energy Bureau.

This specific project has not previously been funded through a direct allocation of oil overcharge funds but has received grants from the following oil overcharge allocation:

<u>Date</u>	<u>Nature of Allocation Action</u>
June 23, 1998	Allocate \$200,000 of "Stripper XVIII" funds to the Renewable Energy Assistance Program (REAP). In October, 1998, the bio-industrial lubricant project received a \$13,000 technical assistance grant from the amounts allocated to REAP. In April, 2000, the bio-industrial lubricant project received a \$63,000 construction grant from the amounts allocated to REAP.

The Badger Oil Company in Spooner, Wisconsin, has been developing a production capability for high quality oils from plant material (canola, sunflower and rapeseed) that can be used as specialized bio-lubricants and fuel additives. The pressed plant material has applications as hydraulic fluid, lubricating fluid, two-cycle engine oil, outboard engine oil, diesel fuel, chain saw bar and chain oil and other oil based products. A by-product of the seed-pressing process is a nutritious animal feed additive that can also be marketed. The company believes that the successful development of a bio-lubricant market could be beneficial to area growers and could diversify the types of crops grown profitably in the state.

The company believes that specialized markets exist for some of these products. Production has already begun for a chain saw oil prepared from canola seeds. Markets are available with log home and timber frame manufacturers who require a lubricant that will not stain wood products. The National Park Service, U. S. Forest Service and several large utility companies have also expressed an interest in the chain saw lubricant since it is both biodegradable and nontoxic. The marketing costs that would be funded under the proposed allocation would include consultant services, rental space for two trade shows, printing of promotional materials, travel, test marketing, and product testing.

The proposed funds for marketing of bio-industrial lubricants represents an eligible use of oil overcharge funds to promote the use of renewable resources instead of petroleum products. Accordingly, it may wish to approve the allocation. Alternatively, if the Committee believes that other restitutionary programs should receive a higher priority, it could reallocate the \$30,000 proposed for bio-industrial lubricant marketing to another purpose of the Committee's choosing.

H. Energy Program Management. The Governor has proposed allocating \$9,207.70 plus interest of "Stripper XX" funds to provide administrative funds to the DOA's

Energy Bureau for assistance in continuing its mandated oil overcharge management activities and to promote energy efficiency programs.

Previously, the Committee has taken the following action relating to authorizing the allocation of oil overcharge interest monies for Energy Bureau administration and management activities:

<u>Date</u>	<u>Nature of Allocation Action</u>
December 12, 1988	All interest earnings accruing from "Stripper III" and "Stripper IV" allocations authorized to support oil overcharge management activities in DOA's Energy Bureau.
April 16, 1996	All interest earnings accruing from the "Stripper XVI" allocation authorized to support oil overcharge management activities in DOA's Energy Bureau.
September 26, 1996	All interest earnings accruing from the "Stripper XV and XVII" allocation authorized to support oil overcharge management activities in DOA's Energy Bureau.
June 23, 1998	All interest earnings accruing from the "Stripper XVIII" allocation plus small residual amounts remaining from other previous allocations.
April 21, 1999	All interest earnings accruing from the "Stripper XIX" allocation authorized to support oil overcharge management activities in DOA's Energy Bureau.

Under these earlier allocation actions, more than \$1.2 million in interest earnings have been made available to support oil overcharge management activities in DOA's Energy Bureau. The Energy Bureau estimates that the proposed allocation under "Stripper XX" will provide additional support for program management costs through the 2001-02 fiscal year.

Under current federal DOE procedures, up to 5% of a state's oil overcharge allocations may be used for the general administration and management of programs. Typical administrative and management costs are those relating to developing allocation plans, reporting annually to the federal DOE and to relevant federal courts on the use of previously allocated funds and tracking the expenditures of each program receiving funds. These types of activities are viewed as being distinct from specific administrative efforts directly linked to program delivery. Program delivery costs (such as awarding and administering grants or managing project activities) are typically funded by deductions from the total allocations made to a specific project.

In light of the Committee's prior actions approving the use of oil overcharge funds for the Energy Bureau's oil overcharge management activities, the Committee may wish to approve the allocation. Alternatively, if the Committee believes that other restitution programs should receive

a higher priority, it could reallocate the "Stripper XX" interest earnings to another purpose of the Committee's choosing.

ALTERNATIVES

1. Approve the "Stripper XX" oil overcharge plan as proposed by the Governor to allocate the expenditure \$821,497.70 FED of oil overcharge restitution funds, plus certain additional interest earnings, as follows: (a) \$804,489.14 FED of currently available, unprogrammed oil overcharge restitution funds; (b) \$17,008.56 FED of interest already earned on these amounts; and (c) all future interest accruals on the entire "Stripper XX" balance.

Alternatively, approve the proposed expenditure plan, as modified by one or more of the following changes:

2. With respect to the Clean Cities program allocation [Program Element E], modify the proposal by directing DOA's Energy Bureau to advise the grantee (Wisconsin Clean Cities-Southeast Area, Inc.) that the "Stripper XX" allocation is made with the expectation that the executive director position will become entirely self-supported from other funding sources and that the availability of additional future oil overcharge allocations should not be assumed.

3. Deny the proposed allocation of "Stripper XX" oil overcharge funds under one or more of the following program elements [or allocate the funds to another program of the Committee's choosing]:

<u>Program Element</u>	<u>Administrating Agency</u>	<u>Governor's Proposal</u>
A. Ethanol Refueling Infrastructure	UW-Milwaukee (Center for Alternative Fuels)	\$230,000
B. Operation Fresh Start Program	Administration (Housing and Inter-Governmental Relations)	200,000
C. Agriculture-Energy Pilot Program	Agriculture, Trade and Consumer Protection	120,000
D. K-12 Energy Education Program (KEEP)	Administration (Energy)	92,920
E. Clean Cities Program	Wisconsin Clean Cities-Southeast Area, Inc.	90,000
F. State Fair Park Board Energy Efficiency Project	Administration (Energy)	50,000
G. Development of Bio-Industrial Lubricants	Administration (Energy)	30,000
H. Energy Program Management	Administration (Energy)	<u>9,208*</u>
TOTAL		\$821,498

*Plus all future interest accruals.

Prepared by: Darin Renner

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

MO# 132, ABS 15 NO 1

"STRIPPER XX" OIL OVERCHARGE ALLOCATION PROPOSAL

Partial Reallocation of Funding to the Low-Income Energy Assistance Program

Motion:

Move to modify the Governor's "Stripper XX" oil overcharge allocation plan by deleting the proposed allocations to the following Program Elements:

<u>Program Element</u>	<u>Administrating Agency</u>	<u>Governor's Proposal</u>
C. Agriculture-Energy Pilot Program	Agriculture, Trade and Consumer Protection	120,000
D. K-12 Energy Education Program (KEEP)	Administration (Energy)	92,290
E. Clean Cities Program	Wisconsin Clean Cities-Southeast Area, Inc.	90,000
F. State Fair Park Board Energy Efficiency Project	Administration (Energy)	50,000
G. Development of Bio-Industrial Lubricants	Administration (Energy)	30,000
H. Energy Program Management	Administration (Energy)	<u>9,208*</u>
TOTAL		\$391,498

*Plus all future interest accruals.

Instead allocate the funds proposed for Program Elements C. through H. to support direct benefits payable under the Low-Income Home Energy Assistance Program.

Note:

This motion would reallocate \$391,498 of "Stripper XX" funds plus future interest accruals to the Low-Income Home Energy Assistance Program. The motion would not affect the proposed allocations to the Ethanol Refueling Infrastructure project [Program Element A] and the Operation Fresh Start program [Program Element B].

It is estimated that this motion would increase direct benefits by approximately \$4 per household during the current heating system.

XIV. Department of Administration – John Marx, Administrator, Division of Energy

In accordance with s. 14.065; the Governor requests approval of the Stripper XX Oil Overcharge Plan, allocating a total of \$821,500 (\$348,200 of new Stripper funds, \$456,300 received from the US Department of Energy and \$17,000 in interest) to existing program and policy requirements.

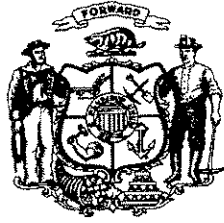
Governor's Recommendation

Approve the request.

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



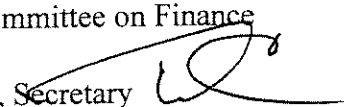
ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

Date: December 15, 2000

To: The Members
The Joint Committee on Finance

From: Dan Caucutt, Secretary 
Joint Committee on Finance Under s. 13.10

Subject: Additional Agenda Item for December 19 s. 13.10 Meeting

The Co-chairs have added to next Tuesday's meeting Agenda Item XIV, Governor's 2000 Oil Overcharge Plan, proposing the allocation of \$821,497 of new Stripper funds. Attached is a copy of the original request.

You will receive papers on this item from both the Legislative Fiscal Bureau and the Department of Administration prior to the meeting.

cc: Bob Lang

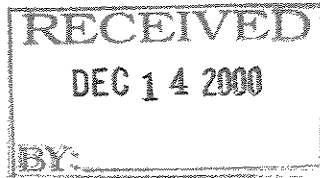


WISCONSIN STATE SENATE

RODNEY C. MOEN

SENATOR - 31ST DISTRICT

State Capitol, P.O. Box 7882, Madison, Wisconsin 53707-7882 Phone: (608) 266-8546 Toll-free Hotline: 1-800-362-9472



December 14, 2000

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

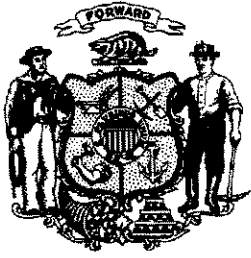
Representative John Gard, Co-chair
Joint Committee on Finance
315 North, State Capitol
Madison, WI 53708

Dear Senator Burke and Representative Gard,

As required by state law, proposals by Governor Thompson for expenditure of "Stripper XX" oil overcharge funds have been referred to the Senate Committee on Health, Utilities and Veterans and Military Affairs. This committee has 30 days following receipt of the proposals to submit written recommendations on expenditures to the Joint Committee on Finance. The committee hereby waives its jurisdiction over the "Stripper XX" proposals.

Sincerely,

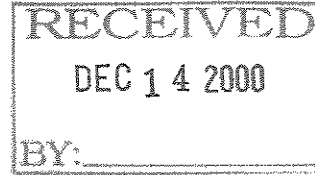
Rodney C. Moen, Chair
Senate Health, Utilities, Veterans and
Military Affairs Committee



TIM HOVEN

STATE REPRESENTATIVE • SIXTIETH ASSEMBLY DISTRICT

December 14, 2000



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

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


Dear Representative Gard and Senator Burke:

On December 6, 2000, Governor Thompson's "Stripper XX" oil overcharge expenditure plan was referred to the Assembly Committee on Utilities, which I chair, for the possible submission of written recommendations to the Joint Committee on Finance.

Current statutory provisions require the Joint Committee on Finance to approve, modify or disapprove the oil overcharge plan within 30 days after receipt of the proposal or upon receipt of the appropriate standing committees' written recommendations. As chairman of the Assembly Committee on Utilities, I am writing to officially waive the committee's jurisdiction over the governor's oil overcharge expenditure plan, so the Joint Committee on Finance can act on the proposal as soon as possible.

Should you have any questions or concerns, please do not hesitate to contact me at (608) 267-2369.

Sincerely,



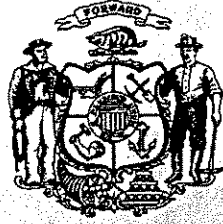
Timothy T. Hoven
State Representative
60th Assembly District

TTH:mew

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



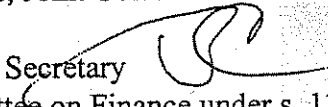
ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

Date: December 5, 2000

To: The Members, Joint Committee on Finance

From: Dan Caucutt, Secretary 
Joint Committee on Finance under s. 13.10

Subject: Date of Regular Second Quarter s. 13.10 Meeting

The Co-chairs have set the date of the regular second quarter meeting of the fiscal year under s. 13.10 for Tuesday, December 19, at 9:30 a.m. in Room 411 South, State Capitol.

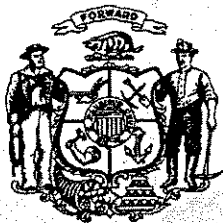
The agenda for that meeting has not yet been determined. After the Co-chairs have done this you will be advised of the topics that will be taken up at the meeting.

cc: Affected Budget Contacts
Bob Lang

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535




ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

Date: December 5, 2000

To: The Members, Joint Committee on Finance

From: Dan Caucutt, Secretary 
Joint Committee on Finance under s. 13.10

Subject: Date of Regular Second Quarter s. 13.10 Meeting

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The agenda for that meeting has not yet been determined. After the Co-chairs have done this you will be advised of the topics that will be taken up at the meeting.

cc: Affected Budget Contacts
Bob Lang

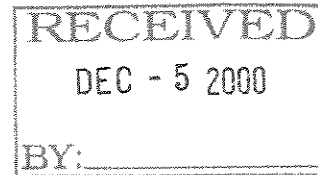


TOMMY G. THOMPSON

**Governor
State of Wisconsin**

November 24, 2000

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



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

Dear Senator ~~Burke~~ and Representative Gard:


RE: Stripper XX 2000 Oil Overcharge Plan

I am pleased to transmit my Stripper XX 2000 Oil Overcharge Plan for consideration by the Joint Committee on Finance (JCF) at the next s. 13.10, Wis. Stats. meeting. As required by s. 14.065, Wis. Stats. I am also forwarding a copy to the Chief Clerks of the Senate and the Assembly.

This year's Plan allocates \$821,497.70 new Stripper monies plus all future accruing interest. If accepted and implemented, the recommended programs will reduce our dependence on petroleum based motor fuels and make our agricultural industry, commercial buildings and homes more energy efficient.

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

Sincerely,


TOMMY G. THOMPSON
Governor

Enclosure

cc: George Lightbourn, Secretary, Department of Administration
John Marx, Administrator, Division of Energy

GOVERNOR'S 2000 OIL OVERCHARGE PLAN

Stripper XX Funds: \$821,497.70 Plus Interest

Prepared by the Department of Administration
Division of Energy

November 22, 2000

GOVERNOR'S 2000 OIL OVERCHARGE PLAN

2000 Plan At-A-Glance

The Governor's 2000 Oil Overcharge Plan (Stripper XX) proposes allocation of \$821,497.70 (\$804,489.14 of new Stripper monies plus \$17,008.56 of interest plus all future accruing interest). The Plan is designed to reduce our dependence on petroleum based motor fuels and make our agricultural industry, commercial buildings and homes more energy efficient, while at the same time improving the environment.

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

Program	Stripper Monies
1 Ethanol Refueling Infrastructure	\$ 230,000
2 Fresh Start	\$ 200,000
3 Agriculture-Energy Pilot Program	\$ 120,000
4 KEEP	\$ 92,290
5 Clean Cities	\$ 90,000
6 Energy Efficiency--State Fair Park	\$ 50,000
7 Development of Bio Industrial Lubricants	\$ 30,000
8 Energy Program Management	\$ 9,208 *
Total	\$ 821,498 #

Dollars rounded, see program description for precise figure.

* Program also receives all available interest in excess of \$17,008.56.

The new oil overcharge monies (\$804,489.14) are composed of \$348,166.81 and \$456,322.33 received from the U.S. Department of Energy (DOE) in November 1999 and November 2000, respectively. Previously, the legislature allocated the November 1999 monies (\$348,166.81) to help fund a Lead Paint Hazard Reduction Program. However, on June 15, 2000, DOE disallowed the use of funds for this program stating, "*Although the proposed lead abatement activities will be done in conjunction with energy conservation activities, they cannot be financed with Stripper Well funds. The Settlement Agreement permits funds to be expended only for specific activities where there is an energy-related benefit.*"

PROGRAM SUMMARY

1. Ethanol Refueling Infrastructure

\$230,000

In total this is anticipated to be a \$585,000 program which will include at least \$75,000 of U.S. Department of Energy monies along with monies from Ford Motor Company, the Wisconsin Corn Promotion Board and the Illinois and Corn Growers Associations.

The program will help fund the development of an ethanol refueling infrastructure in southeastern Wisconsin. The monies would pay for the development, installation and promotion of E-85 (a mixture of 85 percent ethanol and 15 percent gasoline) refueling facilities. These E-85 facilities would promote the expansion of existing E-85 vehicle fleets and the development of new ones. Increased use of E-85 as a motor fuel will reduce gasoline use and reduce harmful exhaust emissions from vehicles. With the exception of 5 percent of the monies (\$11,500) allocated for program management, all oil overcharge monies would be used specifically to fund infrastructure improvements, as opposed to staff or promotional costs.

2. Fresh Start

\$200,000

Stripper XIX and Exxon oil overcharge monies together have provided \$100,000 of funding for this program. This program emphasizes the construction of energy efficient new homes. Program monies are used to provide the homes with energy efficient furnaces, water heaters and other appliances and the insulation materials and windows necessary to assure the homes are energy efficient. Approximately twenty energy efficient homes will be constructed with Stripper XX monies.

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

3. Agriculture-Energy Pilot Program

\$120,000

The Department of Agriculture, Trade and Consumer Protection in cooperation with the Department of Administration, Division of Energy, will establish an Agriculture-Energy Pilot Program. The purpose of the program will be to demonstrate and develop new technologies and processing systems to produce energy or energy raw materials on Wisconsin's farms. The program would fund pilot projects designed to demonstrate technologies for on-farm energy production or technologies that use farm raw materials for renewable energy production, and provide funding to promote and educate the public about the projects and their results. The program would receive input from an advisory council consisting of representatives of farm organizations, the Midwest Rural Energy Council, the University of Wisconsin's Program on Energy Analysis and Policy, Rural Energy Management Council, and the Ad Hoc Agricultural Biogas Group.

4. KEEP

\$92,290

Wisconsin's K-12 Energy Education Program (KEEP) is an innovative, Wisconsin-specific energy education program. The program provides teachers at all grade levels and in all subject areas with real-world energy education activities. Teachers can use KEEP activities to: a) Fulfill DPI standards in various subject areas; b) Demonstrate the ties between science and social science topics; c) Facilitate a more integrated curriculum; and, d) Create hands-on learning opportunities for their students.

These oil overcharge monies will partially fund a \$319,432 program, which funds the continuation and improvement of the KEEP program. This program would provide materials and consulting services to teachers who want to expand energy education in their schools and help develop a web-based university-level energy literacy course. In general, KEEP works to expand and enhance the quality of energy education materials and expand its dissemination to Wisconsin teachers and their students. In addition to oil overcharge funding, this program will receive funding from the Energy Center of Wisconsin, the University of Wisconsin Stevens Point and others.

5. Clean Cities

\$90,000

This program will be administered by Wisconsin Clean Cities—Southeast Area Inc. (WCC-SEA). WCC-SEA is a voluntary, southeastern Wisconsin, non-profit, public/private partnership whose mission is to expand the use of alternative motor fuels by facilitating the purchase of alternative fueled vehicles and the development of a supporting refueling infrastructure. This program cost shares a two-year Executive Director position for the WCC-SEA (FY 2002 and FY 2003). Previously, \$72,000 of Stripper XIX monies were used to cost share this position for FY 2000 and FY 2001.

The Executive Director works to educate fleet managers, the public and decision makers on the benefits of alternative fueled vehicles, available financial assistance and on understanding and satisfying government requirements regarding the purchase and use of alternative fueled vehicles. The Executive Director commenced work on July 1, 1999.

6. Energy Efficiency--State Fair Park

\$50,000

This program would be administered by the Department of Administration and would study the feasibility of using energy efficiency techniques, including use of waste heat, and renewable energy sources at State Fair Park to reduce energy use. This would also reduce state energy expenditures and would serve as a demonstration to other industrial/commercial facilities on how to reduce energy use and expenditures.

7. Development of Bio Industrial Lubricants

\$30,000

This program would help fund the development and marketing of high quality industrial oil from biomass produced in northern Wisconsin. This program will help further development and growth of Wisconsin's agricultural industry by creating valuable new products and markets for its products.

8. Energy Program Management

\$9,207.70 plus interest

The Stripper IV, XV, XVI, XVII, XVIII and XIX Oil Overcharge Plans allocated monies (primarily interest and residual monies) to assist the Wisconsin Energy Bureau in continuing its mandated oil overcharge management activities and to promote energy efficiency in Wisconsin. This program continues that support by allocating \$9,207.70 plus accruing Stripper XX interest to this program.



Legislative Fiscal Bureau

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

December 6, 2000

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

FROM: Bob Lang, Director

SUBJECT: Statutory Procedures Governing the Committee's Review and Approval of Oil Overcharge Expenditure Plans

On December 5, 2000, your offices received a proposed "Stripper XX" oil overcharge expenditure plan, dated November 24, 2000, from Governor Tommy G. Thompson. Under provisions of s. 14.065 of the statutes, the proposed oil overcharge expenditure plans were also received by the Senate and Assembly Chief Clerks on December 5, 2000, for referral to the appropriate standing committee in each house with jurisdiction over state energy matters. The Senate Chief Clerk will refer the proposal to the Senate Committee on Health, Utilities, Veterans and Military Affairs and the Assembly Chief Clerk will refer the proposal to the Assembly Committee on Utilities. The Chief Clerks have advised that these referrals will be made on December 6, 2000.

Under s. 14.065(3) of the statutes, the standing energy committees in each house have 30 days from receipt of the proposal (until January 5, 2001) to submit to the Joint Committee on Finance any written recommendations concerning the Governor's oil overcharge expenditure proposals. Under s. 14.065(4) of the statutes, within 30 days after the receipt of the Governor's oil overcharge expenditure proposal or upon receipt of the written recommendations of the standing energy committees in each house (whichever is sooner), the Joint Committee on Finance is required to schedule a meeting under s. 13.10 of the statutes to approve, modify or disapprove the expenditure plan.

Upon receipt of any written recommendations of the standing energy committees, but no later than January 5, 2001, the Finance Committee's Co-chairs are required to schedule a meeting of the Committee on the oil overcharge expenditure plan.

I hope this information is helpful. Please contact me if you have any questions on this matter.

BL/TM/sas

cc: Senator Rodney Moen, Chair, Senate Committee on Health, Utilities, Veterans and Military
Affairs
Representative Tim Hoven, Chair, Assembly Committee on Utilities

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

TOMMY G. THOMPSON
GOVERNOR
GEORGE F. LIGHTBOURN
SECRETARY



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

DATE: November 22, 2000

TO: The Honorable Tommy G. Thompson
Governor

ATTN: Robert Wood, Chief of Staff
Office of the Governor

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

SUBJECT: Governor's 2000 Oil Overcharge Plan

Enclosed is my recommendation for your 2000 Oil Overcharge Plan which will be considered at the Joint Committee on Finance's (JCF) next s. 13.10, Wis. Stats., meeting.

This year's Plan allocates \$821,497.70 of new Stripper monies plus all future accruing interest. If accepted and implemented, the recommended programs will reduce our dependence on petroleum based motor fuels and make our agricultural industry, commercial buildings and homes more energy efficient.

In addition to the Joint Committee on Finance's action, the United States Department of Energy must also conduct a review to determine if Wisconsin's Plan conforms with federal requirements. I have also enclosed draft letters to the JCF Co-Chairs and the Chief Clerks of the Senate and the Assembly.

My staff and I are available to brief you at your convenience.

Enclosures

cc: John Marx, Administrator
Division of Energy

GOVERNOR'S 2000 OIL OVERCHARGE PLAN

Stripper XX Funds: \$821,497.70 Plus Interest

Prepared by the Department of Administration
Division of Energy

November 22, 2000

GOVERNOR'S 2000 OIL OVERCHARGE PLAN

2000 Plan At-A-Glance

The Governor's 2000 Oil Overcharge Plan (Stripper XX) proposes allocation of \$821,497.70 (\$804,489.14 of new Stripper monies plus \$17,008.56 of interest plus all future accruing interest). The Plan is designed to reduce our dependence on petroleum based motor fuels and make our agricultural industry, commercial buildings and homes more energy efficient, while at the same time improving the environment.

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

Program	Stripper Monies
1 Ethanol Refueling Infrastructure	\$ 230,000
2 Fresh Start	\$ 200,000
3 Agriculture-Energy Pilot Program	\$ 120,000
4 KEEP	\$ 92,290
5 Clean Cities	\$ 90,000
6 Energy Efficiency--State Fair Park	\$ 50,000
7 Development of Bio Industrial Lubricants	\$ 30,000
8 Energy Program Management	\$ 9,208 *
Total	\$ 821,498 #

Dollars rounded, see program description for precise figure.

* Program also receives all available interest in excess of \$17,008.56.

The new oil overcharge monies (\$804,489.14) are composed of \$348,166.81 and \$456,322.33 received from the U.S. Department of Energy (DOE) in November 1999 and November 2000, respectively. Previously, the legislature allocated the November 1999 monies (\$348,166.81) to help fund a Lead Paint Hazard Reduction Program. However, on June 15, 2000, DOE disallowed the use of funds for this program stating, "*Although the proposed lead abatement activities will be done in conjunction with energy conservation activities, they cannot be financed with Stripper Well funds. The Settlement Agreement permits funds to be expended only for specific activities where there is an energy-related benefit.*"

PROGRAM SUMMARY

1. Ethanol Refueling Infrastructure

\$230,000

In total this is anticipated to be a \$585,000 program which will include at least \$75,000 of U.S. Department of Energy monies along with monies from Ford Motor Company, the Wisconsin Corn Promotion Board and the Illinois and Corn Growers Associations.

The program will help fund the development of an ethanol refueling infrastructure in southeastern Wisconsin. The monies would pay for the development, installation and promotion of E-85 (a mixture of 85 percent ethanol and 15 percent gasoline) refueling facilities. These E-85 facilities would promote the expansion of existing E-85 vehicle fleets and the development of new ones. Increased use of E-85 as a motor fuel will reduce gasoline use and reduce harmful exhaust emissions from vehicles. With the exception of 5 percent of the monies (\$11,500) allocated for program management, all oil overcharge monies would be used specifically to fund infrastructure improvements, as opposed to staff or promotional costs.

2. Fresh Start

\$200,000

Stripper XIX and Exxon oil overcharge monies together have provided \$100,000 of funding for this program. This program emphasizes the construction of energy efficient new homes. Program monies are used to provide the homes with energy efficient furnaces, water heaters and other appliances and the insulation materials and windows necessary to assure the homes are energy efficient. Approximately twenty energy efficient homes will be constructed with Stripper XX monies.

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

3. Agriculture-Energy Pilot Program

\$120,000

The Department of Agriculture, Trade and Consumer Protection in cooperation with the Department of Administration, Division of Energy, will establish an Agriculture-Energy Pilot Program. The purpose of the program will be to demonstrate and develop new technologies and processing systems to produce energy or energy raw materials on Wisconsin's farms. The program would fund pilot projects designed to demonstrate technologies for on-farm energy production or technologies that use farm raw materials for renewable energy production, and provide funding to promote and educate the public about the projects and their results. The program would receive input from an advisory council consisting of representatives of farm organizations, the Midwest Rural Energy Council, the University of Wisconsin's Program on Energy Analysis and Policy, Rural Energy Management Council, and the Ad Hoc Agricultural Biogas Group.

4. KEEP

\$92,290

Wisconsin's K-12 Energy Education Program (KEEP) is an innovative, Wisconsin-specific energy education program. The program provides teachers at all grade levels and in all subject areas with real-world energy education activities. Teachers can use KEEP activities to: a) Fulfill DPI standards in various subject areas; b) Demonstrate the ties between science and social science topics; c) Facilitate a more integrated curriculum; and, d) Create hands-on learning opportunities for their students.

These oil overcharge monies will partially fund a \$319,432 program, which funds the continuation and improvement of the KEEP program. This program would provide materials and consulting services to teachers who want to expand energy education in their schools and help develop a web-based university-level energy literacy course. In general, KEEP works to expand and enhance the quality of energy education materials and expand its dissemination to Wisconsin teachers and their students. In addition to oil overcharge funding, this program will receive funding from the Energy Center of Wisconsin, the University of Wisconsin Stevens Point and others.

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This program will be administered by Wisconsin Clean Cities—Southeast Area Inc. (WCC-SEA). WCC-SEA is a voluntary, southeastern Wisconsin, non-profit, public/private partnership whose mission is to expand the use of alternative motor fuels by facilitating the purchase of alternative fueled vehicles and the development of a supporting refueling infrastructure. This program cost shares a two-year Executive Director position for the WCC-SEA (FY 2002 and FY 2003). Previously, \$72,000 of Stripper XIX monies were used to cost share this position for FY 2000 and FY 2001.

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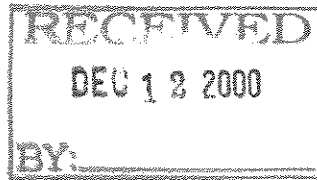
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Tommy G. Thompson, Governor
Raymond G. Boland, Secretary

STATE OF WISCONSIN, DEPARTMENT OF VETERANS AFFAIRS

30 West Mifflin Street, P.O. Box 7843, Madison, WI 53707-7843
PHONE: (608) 266-1311 1-800-947-8387 (WIS VETS)
WEB SITE: dva.state.wi.us
E-MAIL: Headquarters@dva.state.wi.us
FAX: (608) 267-0403



Withdrawn by DVA

December 11, 2000

The Honorable Brian Burke
Senate Chair
Joint Committee on Finance
Room 316 South
State Capitol
Madison, WI 53707

The Honorable John G. Gard
Assembly Chair
Joint Committee on Finance
Room 315 North
State Capitol
Madison, WI 53708

Dear Senator Burke and Representative Gard:

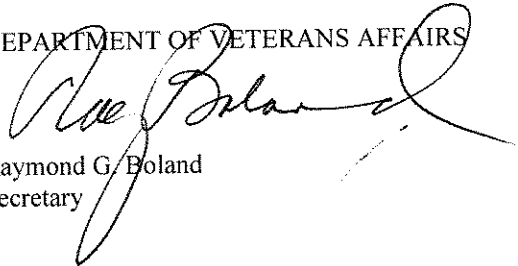
After careful reconsideration, I have decided that it would be in the best interest of all parties concerned to withdraw the department's request for additional expenditure authority to fund a supermarket event in Racine, WI. An opportunity has arisen over the past few days that will allow this department to partner with the U.S. Department of Veterans Affairs VISN 13 out of Minneapolis/St. Paul to do a supermarket event in the Eau Claire/Chippewa Falls area. Costs should be minimal because a combination of lower veteran population and the resources provided by VISN 13.

Pursuing this alternative now will allow us to continue providing needed services to Wisconsin's veteran population in a timely manner without requesting additional budget authority. Our plans are to do the proposed Racine supermarket next fiscal year assuming that the funding requested in the biennial budget for that purpose is approved.

Thank you for your assistance with this matter. If you have any questions or need additional information, please contact John Scocos at 266-3081.

Sincerely,

DEPARTMENT OF VETERANS AFFAIRS


Raymond G. Boland
Secretary

cc: Bob Lang, Legislative Fiscal Bureau
Richard Chandler, Department of Administration



Tommy G. Thompson, Governor
Raymond G. Boland, Secretary

STATE OF WISCONSIN, DEPARTMENT OF VETERANS AFFAIRS

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FAX: (608) 267-0403

November 29, 2000

The Honorable Brian Burke
Senate Chair
Joint Committee on Finance
Room 316 South
State Capitol
Madison, WI 53707

The Honorable John G. Gard
Assembly Chair
Joint Committee on Finance
Room 315 North
State Capitol
Madison, WI 53708

Dear Senator Burke and Representative Gard:

Request

The Department of Veterans Affairs is requesting increased spending authority in the amount of \$31,000 in Appropriation 261, the Veterans Trust Fund, through the s. 13.10, Stats. process. The funds are being requested in order to conduct a Supermarket of Veterans Benefits in May, 2001 in Racine County. The Department's current budget is inadequate to fund the additional costs associated with this event. A detailed breakdown of the costs for the proposed Supermarket event is attached.

Background

A large number of Wisconsin's veterans are not aware of the federal and state benefits and programs that are available to them. A survey of Wisconsin veterans showed that almost 40 percent of respondents were not aware of state veterans' benefits and only 34 percent had received a federal benefit in the last five years. Wisconsin is well below the national average in receiving federal revenue for veteran's compensation and pension benefits. The national average is \$838 per veteran and Wisconsin currently receives an average of \$695 per veteran. Increasing the number of veterans receiving federal veteran's compensation and pension benefits could potentially result in an additional \$68 million dollars of federal revenue coming into the state. There is also the potential, based on national averages, that Wisconsin veterans may be qualified to receive up to an additional \$48 million in federal veteran health care benefits. If Wisconsin veterans were to qualify for those benefits it would significantly increase their quality of life.

Other states have been successful in improving veteran's benefits by conducting veterans benefit fairs in underserved locations with a dense population of veterans. The purpose of the Supermarket events in Wisconsin is an effort to provide increased outreach and marketing to Wisconsin veterans to increase the amount of benefits they receive. The receipt of benefits and services will enhance the quality of life for veterans and their family members and provide a positive impact on Wisconsin's communities and tax base. The Department of Veterans Affairs conducted a one-day Supermarket of Veterans Benefits on November 15, 2000 in Milwaukee. There were representatives from 28 federal, state, and local agencies at the event to provide information and assistance to the veterans. Over 1,500 veterans and family members attended the event. Attendees received information on the programs available to them and began application on various federal veteran benefits such as compensation and pension, health care and insurance programs. Information was also provided related to state veteran benefit programs for home loans and

personal loans, health care aid grants, subsistence aid grants, education and training grants, nursing care, and burial in the state veterans cemetery. The U.S. Department of Veterans Affairs offered free health screening services while other state agencies provided information on tax guidance, job service, and free flu shots.

The Department was able to absorb the costs with the first Supermarket event within its existing budget. However, it will be unable to absorb the costs associated with the second Supermarket that will be a two-day event. The Department will conduct the second veterans benefit fair in May in order to maintain the flow of information to the state's veteran population and increase the level of services provided to the veterans. The Department plans to provide ongoing veterans benefit supermarkets in the next biennium, and has included a request for additional funds for this purpose in its 2001-2003 biennial budget request.

How Request Meets Statutory Criteria for s. 13.10

The lack of awareness of benefits available to veterans impairs the veterans' ability to receive vital assistance such as health care grants, compensation and pension to assist with living expenses, emergency grants for living expenses, information on the availability of jobs, and other programs that provide services to assist veterans in sustaining the health and lives of themselves and their families. The funds provided for the Supermarket event will allow the department to continue its efforts to ensure that Wisconsin veterans are aware of the state and federal benefits and services available to them. Since these events are targeted at those veterans who are typically under served by those programs, the needs that need to be met are, in many instances, ones that directly affect their health and safety—i.e., involve health, housing or employment issues. The proposed supermarket event will be held in the Racine area and is expected to draw veterans from Milwaukee and Kenosha areas as well. Approximately 25 percent (112,000) of the state's veteran population live in Milwaukee, Racine and Kenosha counties.

The Department has limited supplies and services funds to cover its operations. The Department reallocated the priorities of these funds in order to cover the costs of the first Supermarket. The expenditures for the first Supermarket have severely impacted the Department's ability to cover ongoing expenses for the Department's day-to-day operations. Consequently, the Department does not have sufficient funds available to cover the costs of the second Supermarket in May of 2001.

The Department is statutorily required under ss. 45.35 (6) and 45.36 (7) to coordinate the activities of agencies that perform functions relating to the health, care, and training of all veterans. In addition, the Department is required to cooperate with state, local and federal agencies in securing benefits for Wisconsin's veterans. This request will allow the Department to address these statutory requirements.

Thank you for your consideration of this request. If you have any questions or need additional information, please contact John Scocos at 266-3081.

Sincerely,

DEPARTMENT OF VETERANS AFFAIRS



Raymond G. Boland
Secretary

Attachment

cc: Bob Lang, Legislative Fiscal Bureau
Richard Chandler, Department of Administration

*IOU Supermarket
Expenditures Explanation*

COST ESTIMATE FOR MAY 2001 SUPERMARKET EVENT

<i>Floor Preparation</i>	\$	9,500
60 vendors @ \$60/unit + 10% damage waiver Misc supplies \$500; site rental: \$5,000		
<i>Food Services</i>	\$	8,500
Cousin's: 2,000 @ \$4.25		
<i>Phone Lines</i>	\$	2,000
20 lines		
<i>Fax and Copy Machine Rental</i>	\$	500
Two days		
<i>Marketing</i>	\$	6,000
Radio & Newspaper		
<i>Handle Bags for Attendees</i>	\$	2,000
3000 bags		
<i>Staff Travel Expenses</i>	\$	1,500
Hotel and travel expenses for WDVA employees		
<i>Veteran Transportation to Supermarket</i>	\$	1,000
Van transport for underserved vets		
<i>Total</i>	\$	31,000

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

February 1, 2001

Secretary Joe Leraan
Department of Health & Family Services
1 West Wilson Street
Madison, WI 53703

Dear Secretary Leraan:

On Wednesday, January 24, 2001, the Joint Committee on Finance met in executive session on 2001 Senate Bill 18 and Assembly Bill 36 that would provide supplemental funding in 2000-01 to fund a projected deficit in the BadgerCare program benefits appropriation. Both bills, as amended by the Committee, would provide \$11,512,200 GPR in 2000-01 to fund the BadgerCare deficit. In addition, the bills as amended, would require the Department to lapse \$11,237,100 in federal income augmentation funds within 30 days of the bills' effective date and require the Department, within 45 days after the bills' effective date, to submit a plan to the Committee for encouraging greater participation in the health insurance premium payment program.

During the meeting, Committee members expressed concerns about BadgerCare, particularly the Department's ability to meet several of the terms and conditions of the state's recently approved waiver under the federal state children's health insurance program. Specifically, under the terms and conditions of the waiver, the state: (a) cannot close enrollment, establish waiting lists or decrease BadgerCare eligibility standards without nullifying the waiver; (b) implement a simplified, mail-in application for eligibility under the medical assistance (MA) program and BadgerCare; and (c) eliminate the current asset limit requirement for certain low-income families under MA no later than 60 days after the enactment of the state's biennial budget for the 2001-03 biennium.

Subsequent to the January 24, 2001 meeting, several Committee members expressed two concerns regarding BadgerCare. One concern is that there are significant disparities among the counties in terms of the participation rates of uninsured children enrolled in BadgerCare. The second concern is whether enrollees are able to access dental services covered under MA and BadgerCare.

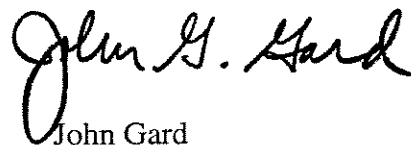
To address these concerns, we are requesting that the Department respond to the following within 30 days of the date of this letter.

1. How do the terms and conditions of the BadgerCare waiver affect the state's ability to modify eligibility for BadgerCare or use the BadgerCare enrollment trigger? Identify the fiscal effect of this condition.
2. Describe the Department's plan to implement the conditions of the recently approved waiver regarding the MA and BadgerCare application and the asset limit under MA. Identify the fiscal effect of these waiver conditions and any concerns the Department has about implementing these conditions.
3. Identify any disparities between counties in the extent to which counties have enrolled uninsured children in BadgerCare. Please explain why such disparities exist, and provide suggestions for actions that could be taken to increase enrollment in those counties with lower participation rates.
4. Identify the extent to which individuals enrolled in MA and BadgerCare are able to access dental services and provide recommendations on how to increase access to dental services under these programs.

Sincerely,



Brian Burke
Senate Chair



John Gard
Assembly Chair

cc: Members, Joint Committee on Finance