



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Connie L. O'Connell
Commissioner

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http://badger.state.wi.us/agencies/oci/oci_home.htm

March 1, 2000

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

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

Dear Senator Burke and Representative Gard:

After discussions with your offices, OCI is withdrawing our 16.515 request dated December 29, 1999.

Thank you for your assistance.

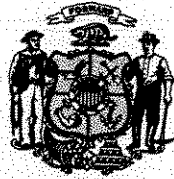
Sincerely,


Randy Blumer
Deputy Commissioner

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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



ASSEMBLY CHAIR
JOHN GARD

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

JOINT COMMITTEE ON FINANCE

January 20, 2000

Mr. George Lightbourn, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53703

Dear Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated December 29, 1999, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Office of the Commissioner of Insurance (OCI) and the Departments of Natural Resources (DNR), Revenue and Commerce.

The Committee approves the requests made by the Departments of Revenue and Commerce. With respect to the OCI and DNR requests, an objection has been raised. A meeting will be scheduled to further discuss these requests. Therefore, the requests are not approved at this time.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

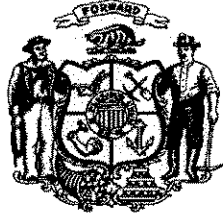
BB:JG:dh

cc: Members, Joint Committee on Finance
Connie O'Connell, Commissioner of Insurance
Secretary George Meyer, DNR
Secretary Cate Zeuske, DOR
Secretary Brenda Blanchard, Commerce
Vicky LaBelle, Department of Administration

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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



ASSEMBLY CHAIR
JOHN GARD

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

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Re: s. 16.515/16.505, Stats. Request

Date: December 29, 1999

Attached is a copy of a request from the Department of Administration, dated December 29, 1999, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Office of the Commissioner of Insurance, the Department of Natural Resources, the Department of Revenue and the Department of Commerce.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Wednesday, January 19, 2000**, if you have any concerns about the request or if you would like to meet formally to consider it.

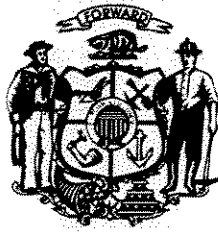
Also, please contact us if you need further information.

Attachment

BB:JG:dh

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

TOMMY G. THOMPSON
GOVERNOR
GEORGE LIGHTBOURN
ACTING SECRETARY



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

Date: December 29, 1999

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

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

From: George Lightbourn, Acting Secretary
Department of Administration

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

Subject: S. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

AGENCY	DESCRIPTION	1999-2000		2000-01	
		AMOUNT	FTE	AMOUNT	FTE
OCI 20.145(1)(g)	General program operations	\$ 114,400		\$ 270,400	
DNR 20.370(8)(mk)	General program operations-service funds		1.00 *		1.00 *
DOR 20.566(1)(gb)	Business tax registration		3.00		3.00
COMM 20.143(1)(k)	Sale of materials or services		2.50 **		2.50 **

* Project position ending 01/12/04.

** Project positions ending 12/31/00 (extension to four year limit)

As provided in s. 16.515, the request(s) will be approved on January 21, 2000, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

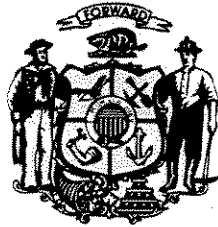
Please contact Vicky LaBelle at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
ACTING SECRETARY



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

Date: December 15, 1999

To: George Lightbourn, Acting Secretary
Department of Administration

From: Susan Jablonsky, Budget Analyst SJ
Department of Administration

Subject: Request Under s. 16.515 from the Office of the Commissioner of Insurance for Raising the Minimum Hiring Rate

REQUEST:

The Office of the Commissioner of Insurance (OCI) requests an increase in expenditure authority of \$135,200 PR in fiscal year 1999-2000 and \$270,400 PR in fiscal year 2000-2001 in s. 20.145(1)(g), the general operations appropriation, to raise the minimum hiring rates for financial examiners and financial supervisors.

REVENUE SOURCES FOR APPROPRIATION:

The source of funding for this appropriation is assessments on insurers and fees for examinations. If this request is approved, OCI would still maintain a surplus of \$5.5 million by the end of the biennium.

BACKGROUND:

The Bureau of Financial Analysis and Examinations within OCI is responsible for monitoring the fiscal solvency of 356 domestic and 1,506 non-domestic insurers. The Bureau includes a director, three supervisors, five advanced specialist examiners, and 21 examiners ranging from entry level to senior levels. OCI has experienced a turnover rate of nearly 100% over the last several years for two primary reasons. First, examiners spend 40% of their time on the road auditing insurance companies, which is an extremely high proportion of their time away from their home base. Second, the examiner's starting pay and pay levels through the progression series lag fairly far behind amounts being paid by the private sector and other governmental entities such as Dane County. This has caused a serious recruiting and retention problem for the agency.

Agency staff have consulted with the Department of Employment Relations (DER) to gain help in addressing this problem. DER advised OCI to adopt a raised minimum rate for insurance financial examiners to help with both recruitment and retention. This request asks for the necessary expenditure authority to implement that strategy.

ANALYSIS:

OCI staff did a survey to identify the amounts paid to entry-level accountants and to senior staff by the City of Madison, Dane County and a local accounting firm. They also identified the salaries for such staff recommended by the National Association of Insurance Commissioners (NAIC). In all cases, OCI's current pay rates fell well below the levels paid by the other entities and significantly below the rates suggested by NAIC. For example, entry level accountants at OCI start out at \$28,600 annually. However, new accountants are paid between \$33,000-\$36,500 at the accounting firm and the governmental agencies. Similarly, senior staff at OCI start at approximately \$36,300 whereas they are paid between \$40,300-\$43,000 at the other entities and NAIC recommends a starting level of \$61,800.

OCI is proposing raised minimum hourly rates as follows:

Insurance Examiner-Entry	\$3.50
Insurance Examiner-Developmental	\$3.75
Insurance Examiner-Journey	\$3.85
Insurance Examiner-Senior	\$4.00
Insurance Examiner-Advanced	\$3.70
Insurance Examiner Supervisor	\$5.90

The increases do not follow a straight progression through the different classifications because OCI wants to address an existing problem for the advanced examiners and the supervisors who currently share the same minimum starting salary. By giving the advanced examiners a somewhat smaller increase and giving the supervisors a larger increase, OCI is building in a cushion to ensure that the positions with greater responsibilities receive more than the advanced examiners.

OCI consulted with DER staff regarding these increases and DER believed the raised minimum rates proposed were reasonable. These increases result in an annual cost of \$270,400 for salary and fringe benefits for existing staff in fiscal year 2000-2001.

OCI's cost estimate of \$135,200 for fiscal year 1999-2000 assumed that the higher rates would be paid for 13 pay periods beginning December 19, 1999. However, that amount should be adjusted to reflect a later submission date of this request. Assuming the request is approved after the 14 working days have elapsed, the pay increase could go into effect for the pay period beginning January 16, 2000 at a cost of \$114,400.

RECOMMENDATION:

Modify the request to provide \$114,400 PR in fiscal year 1999-2000 and approve the requested amount in fiscal year 2000-2001.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Connie L. O'Connell
Commissioner

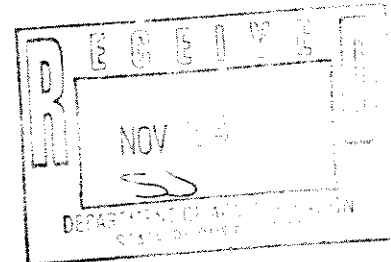
November 23, 1999

121 East Wilson Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ocioci@mail.state.wi.us
http://badger.state.wi.us/agencies/oci/oci_home.htm

To: George F. Lightbourn, Secretary
Department of Administration

From: *Connie O'Connell*
Connie O'Connell, Commissioner

Subject: S. 16.515 Request from OCI



Request:

The Office of the Commissioner of Insurance (OCI) under s. 16.515, Wis. Stat., requests an increase for FY 2000 of \$135,200 and for FY 2001 of \$270,400 in expenditure authority in s.20.145(1)(g). The amount for FY 2000 assumes a December 19, 1999 implementation date. The cost is reduced by \$10,400 for each pay period that elapses prior to implementation. The purpose of the funding is to Raise the Minimum Rate (RMR) for financial examiners in OCI's Bureau of Financial Analysis and Examinations.

Analysis

OCI's Bureau of Financial Analysis and Examinations is responsible for the financial condition of Wisconsin's 356 domestic insurers and 1,506 licensed non-domestic insurers. The Bureau of Financial Analysis and Examinations staff consists of a bureau director, 3 examiner supervisors, 5 advanced examiners, 21 examiners in the entry through senior levels, an administrative assistant supervisor and 3 program assistants. A further 5 examiners and one program assistant have been received in the 1999-2001 budget.

The major purpose of the Bureau of Financial Analysis and Examinations is to identify insurers having financial difficulties, and to take appropriate action to resolve the company's problems and/or to minimize the effect of an insurer's insolvency to Wisconsin citizens. This involves detailed analysis of the insurer's financial condition to detect early warning of problems, meetings with management to ensure that corrective action is being taken, monitoring the progress of the corrective action, and occasionally issuing cease and desist orders or taking a company into rehabilitation or liquidation. The Bureau's chief responsibilities include:

- administration of insurance premium taxes (\$95 million annual revenue)
- analysis of licensed insurers' annual and quarterly financial statements, CPA audit reports, and reports on holding company transactions, and non-licensed entities such as surplus lines and risk retention group insurers
- review and approval of changes of control of a domestic insurer
- issuance of licenses for new domestic and non-domestic insurers, and
- performing periodic on-site financial examinations of domestic insurers.

Examiners are expected to travel overnight up to 20 weeks per year (40% travel) to perform on-site financial examinations of insurers. Domestic insurers are located mostly in Wisconsin, but some have their major administrative offices in other states. Every state has an agency equivalent to OCI, and each state's insurance department performs similar financial analysis and examination functions.

The Problem

A. Retention: Due to the nature of these positions turnover in insurance financial examiners has been higher than in other parts of the agency. However, during the last 2.5 years the Bureau of Financial Analysis and Examinations has experienced a serious retention problem, with turnover of 25 examiners out of 26 positions (96% turnover). See Exhibit A.

This turnover rate is especially serious because the examiner progression series assumes a newly hired examiner requires a minimum two-year training period before the examiner reaches the 'full-functioning level' of journey examiner. The Bureau of Financial Analysis and Examinations' turnover has included examiners leaving before reaching journey level, or just as they reach that level, so the Bureau of Financial Analysis and Examinations incurs the expense and staff time of on-the-job training, but then is losing personnel before the Bureau reaps any benefits from the training period. There is a loss of cumulative knowledge and experience with a high turnover ratio.

It has been difficult for the Bureau of Financial Analysis and Examinations to retain examiners for several reasons:

- examiner positions require 40% (20 weeks) travel per year, whereas most comparably paid civil service accountant positions require little or no travel;
- examiner salaries in the first 3-4 years are less than comparable Madison-area positions with employers such as City of Madison, Dane County, and local CPA firms;
- examiner salaries at OCI are less than other state insurance departments pay for similar positions. The National Association of Insurance Commissioners has established 'suggested' pay levels for examiner positions, which are followed by many states including Ohio, Missouri and Kansas. Wisconsin's salaries are significantly below the suggested levels. Indeed even after the increases requested herein Wisconsin salaries will be well below the NAIC 'suggested' pay levels. One recent vacancy resulted from an examiner joining the Kansas Insurance Department, which uses the NAIC scale, at a substantial salary increase.

B. Recruitment: During the past 2.5 years, the Bureau of Financial Analysis and Examinations has experienced difficulty in recruiting new examiners. OCI obtains interviews with only about 16% of applicants on the entry-level professional accountant/auditor register. Of job offers extended, 41% were refused. The high travel requirement combined with below-market compensation are the primary reasons for both the low interview rate and the low acceptance rate (since OCI pay rates are the same as for non-traveling Accountant/Auditor positions). See Exhibit B.

It has been difficult for the Bureau of Financial Analysis and Examinations to recruit examiners for several reasons:

- examiner positions require 40% (20 weeks) travel per year, whereas most comparably-paid civil service accounting positions require little or no travel;
- starting salary (entry level) for the Bureau of Financial Analysis and Examinations' examiners is \$28,618, whereas similar entry positions in public accounting or corporate accounting pay in the mid-\$30's (for example, UW-Madison BBA Accounting graduates averaged starting salaries of about \$36,500 in 1998-99);

Proposed Solution

Salary alone will not ensure recruitment and retention of staff, but when salary is as far below the market as it is for OCI there is no opportunity to use the other aspects of the job to recruit or retain staff. Staff who might be attracted by the breadth of experience or the regulatory functions will find it difficult to accept positions that are thousands of dollars below market, particularly when those staff are likely to be recent college graduates with significant debt. The OCI proposed solution is to move the insurance financial examiner minimum rate to the bottom of the local peer group to increase the competitive position of OCI in this labor market.

It should be noted that this is not a short-term problem. It is expected that the recruiting and retention problem will remain bad or become worse. Reasons for this include:

- Accounting degree becoming a 5-year degree with June 2000 graduates
- Fewer college students majoring in accounting, as increasing numbers of students with appropriate abilities and interests pursue Computer Science-related majors
- Additional recruiting competition in Madison as some "Big 5" accounting firms are expected to establish or enlarge their Madison offices, with the intention of recruiting experienced state employees to assist clients that have issues with branches of state government

Therefore, OCI believes it must increase minimum examiner salaries to be able to recruit and retain financial examination staff.

Market Comparisons: Charts are attached that show the current OCI salary progression, the proposed OCI salary progression, and comparisons to accountant salaries with City of Madison, Dane County, a local CPA firm, and the NAIC rates. The first chart (Exhibit C-1) shows OCI's Entry, Developmental and Journey salaries compared to salaries paid to new accountants by the City of Madison, Dane County, a local CPA firm and the NAIC (it is assumed the OCI Journey examiner would remain at that level in the third year after hire). The data for the comparable employers' wages is data current as of February 1999.

The second chart (Exhibit C-2) shows OCI's Senior salary (fixed for 3 years), compared to salaries paid to senior accountants working for City of Madison, Dane County, a local CPA firm, and at the NAIC rates.

OCI has included Advanced Examiner and Examiner Supervisor positions in this request. It is hard to obtain comparable market salary data for the Advanced and Supervisor positions. However, a supervisor left the Bureau of Financial Analysis and Examinations in 1998 to take a position with a local insurance

company at \$60,000, and has since received a raise to over \$69,500. OCI proposes to raise the minimum rate for Supervisors to \$54,527. The Advanced positions (actuarial, IT, managed care, reinsurance and quality control) are proposed for pay levels between the Senior and Supervisor positions, which is the current relationship. Again the goal here is to move the minimum rate to the bottom of the local peer group to increase the competitive position of OCI in this labor market.

Costs: Spreadsheets are attached that show current pay levels, and those proposed to be paid pursuant to this request [Attachment D]. The cost of this proposal is not large in comparison with the total personnel costs of OCI. However it is beyond the capacity of OCI to absorb. Moreover this cost will be continuing and thus the request is to increase the base budget for both years of the biennium.

Thank you for your consideration of this request. If you have further questions with regard to this request please contact Clare Stapleton Concord [266-5673].

cc Randy Blumer
Guenther Ruch
Clare Stapleton Concord

Office of the Commissioner of Insurance
Bureau of Financial Analysis and Examinations

Turnover Data

FY 98 Turnover

Former Incumbent	Term Title	Term Date	Vac Title	Name	Start	# Certified	# Interviewed	Type
Milquet, Randy	Ins. Exam. - Senior	6/6/97	Ins. Exam. - Entry	Hou, Shuping	9/2/97	31	9	Original
Peterson, Roger	Ins. Exam. - Senior	6/6/97	Ins. Exam. - Entry	Brown, Christine	7/28/97	31	9	Original
Thornton, Fred	Ins. Exam. - Senior	6/6/97	Ins. Exam. - Entry	Opprecht, Eleanor	7/28/97	31	9	Original
Nelson, Tracy	Ins. Exam. - Dev.	10/24/97	Ins. Exam. - Entry	Aumann, Glenn	2/16/98	55	8	Original
Orr, Rodney	Ins. Exam. - Journey	11/23/97	Ins. Exam. - Entry	Hynes, Mary	9/30/98	64	11	Original
Hou, Shuping	Ins. Exam. - Entry	1/17/98	Ins. Exam. - Entry	Vande Hey, Timothy	6/1/98	97	7	Original
O'Brien, Christopher	Ins. Exam. - Journey	2/6/98	Ins. Exam. - Entry	Kreif, Amy	3/18/98	0	0	Transfer
Hogan, Brian	Ins. Exam Supervisor	5/1/98	Ins. Exam Supervisor	Peterson, Roger	5/12/98	0	0	Transfer
Peterson, Roger	Ins. Exam. - Adv	5/1/98	Ins. Exam. - Adv.	Pilecky, Roger	11/8/98	3	3	Promotion

FY 99 Turnover

Former Incumbent	Term Title	Term Date	Vac Title	Name	Start	# Certified	# Interviewed	Type
Brown, Christine	Ins. Exam. - Entry	7/6/98	Ins. Exam. - Entry	Sanford, Jeff	7/13/98	0	1	Transfer
Hilgendorf, Joe	Ins. Exam. - Senior	8/29/98	Ins. Exam. - Entry	Forsberg, Kristin	11/2/98	47	9	Original
Gilardi, Mary Sue	Sec. 2	11/9/97	Ins. Exam. - Entry	May, Harold	10/19/98	32	10	Original
Michaels, Travis	Ins. Exam - Dev.	12/1/98	Ins. Exam. - Entry	Roitschka, Danielle	1/4/99	44	8	Original
Kartes, Rick	Ins. Exam - Dev.	12/15/98	Ins. Exam. - Entry	Cox, Jean	1/4/99	44	8	Original
May, Harold	Ins. Exam. - Entry	1/22/99	Ins. Exam. - Entry	Grinnell, David	5/24/99	61	8	Original
Morakinyo, Akin	Ins. Exam. - Journey	1/30/99	Ins. Exam. - Entry	Miller, Kerri	1/11/99	44	8	Original
Oparaji, Bertram	Ins. Exam. - Journey	2/12/99	Ins. Exam. - Entry	Cretney, L.	9/20/99	65	12	Original

FY 2000 Turnover

Former Incumbent	Term Title	Term Date	Vac Title	Name	Start	# Certified	# Interviewed	Type
Cox, Jean	Ins. Exam. - Entry	7/2/99	Ins. Exam. - Entry			40	6	
Sanford, Jeff	Ins. Exam - Dev.	7/16/99	Ins. Exam - Journey	Oparaji, Bertram		0	0	Declined
Pilecky, Roger	Ins. Exam - Adv.	8/13/99	Ins. Exam - Adv. (PCRS)	Dearmond, Jerry	8/15/99	2	1	Promotion
Dearmond, Jerry	Ins. Exam - Sr.	8/14/99	Ins. Exam - Entry	Litweiler, J.	10/19/99	48	7	Original
New	Ins. Exam. - Entry		Ins. Exam - Entry					
New	Ins. Exam. - Entry		Ins. Exam - Entry					
New	Ins. Exam - Dev.		Ins. Exam - Dev.					
New	Ins. Exam - Dev.		Ins. Exam - Dev.					
New	Ins. Exam - Dev.		Ins. Exam - Dev.					
Oparaji, Bertram	Ins. Exam - Dev.		Ins. Exam. - Entry					
Kreif, Amy	Ins. Exam - Dev.	12/3/99	Ins. Exam. - Entry					
Fuerstenberg, Dennis	Ins. Exam - Journey	12/3/99	Ins. Exam. - Entry					
Hynes, Mary	Ins. Exam - Dev.	12/3/99	Ins. Exam. - Entry					

Office of the Commissioner of Insurance

Bureau of Financial Analysis and Examinations

FY '98 Recruitment Data

Cert #	# Names on Reg.	# Contacts/ Ltrs Sent	Fail to Respond -or-		# Interviewed	# Not Selected	# Declined Offer	Name of Hire
			Not Interested	Interested				
97-18 *	72	72	63	9	6		S. Hou	
97-19 *	72	72	63	9	6		C. Brown	
97-20 *	72	72	63	9	6		E. Opprecht	
98-17	55	55	47	8	6	1	G. Aumann	
98-18	64	64	54	10	9		M. Hynes	
98-19	97	97	81	16	13	2	T. VandeHey	
98-20	-	-	-	-	-	-	A. Krief (Transfer)	
Unduplicated								
Total	288	288	245	43	34	3	6 hires -- interviews 1 hire -- transfer	
percent of 288 names on register			85.07%	14.93%	11.81%	1.04%	2.08%	
percent of 43 interviews				100.00%	79.07%	6.98%	13.95%	
percent of 9 offers						33.33%	66.67%	
* Cert's 97-18, -19 and -20 were interviewed and filled concurrently, data are counted only once in totals								

Bureau of Financial Analysis and Examinations

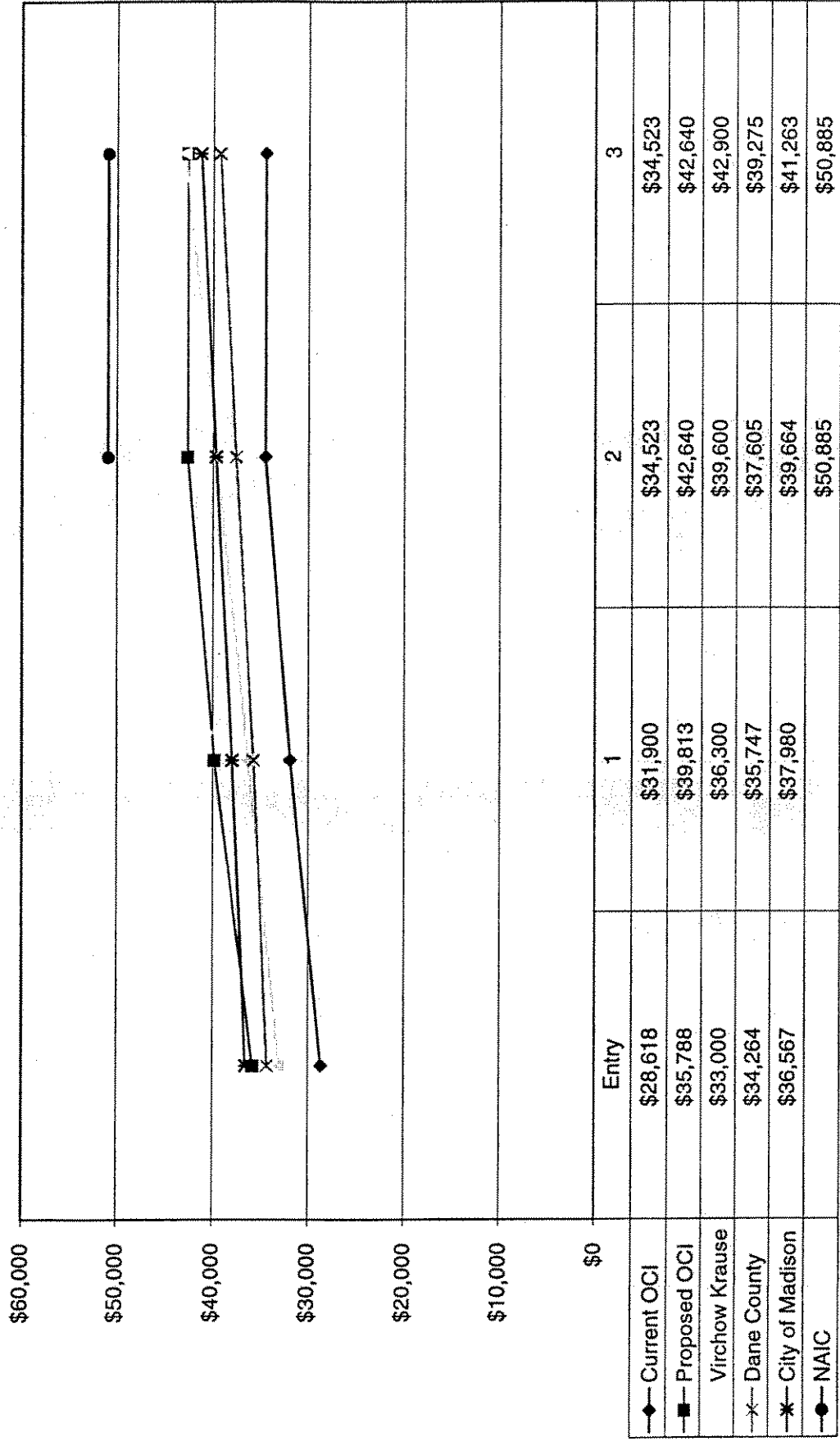
FY '99 Recruitment Data

Cert #	# Names on Reg.	# Contacts/ Ltrs Sent	Fail to Respond	Not Interested		# Interviewed	# Not Selected	# Declined Offer	Name of Hire
				Interested	Not				
98-26	32	32	3	19		10	7	1	H. May
98-29									J. Sanford (Transfer)
99-12	47	47	33	5		9	7	1	K. Forsberg
99-24 *	44	44	28	8		8	5		J. Cox
99-25 *	44	44	28	8		8	5		D. Rotschka
99-30 *	44	44	28	8		8	5		K. Miller
99-38	61	61	43	10		8	5	2	D. Grinnell
99-39	80	80	62	6		12	9	2	L. Cretney
Unduplicated									
Total	264	264	169	48		47	33	6	7 hires - interviews 1 hire - transfer
percent of 264 names on register			64.02%	18.18%		17.80%	12.50%	2.27%	2.65%
percent of 47 interviews						100.00%	70.21%	12.77%	14.89%
percent of 13 offers								46.15%	53.85%
* Cert's 99-24, -25 and -30 were interviewed and filled concurrently, data are counted only once in totals									
TOTALS FOR FY 1998 AND 1999 (UNDUPLICATED)									
	552	552	414	48		90	67	9	2 hires - transfers 13 hires - interviews
percent of 552 names		100.00%	75.00%	8.70%		16.30%	12.14%	1.63%	2.36%
percent of 90 interviews						100.00%	74.44%	10.00%	14.44%
percent of 22 offers								40.91%	59.09%

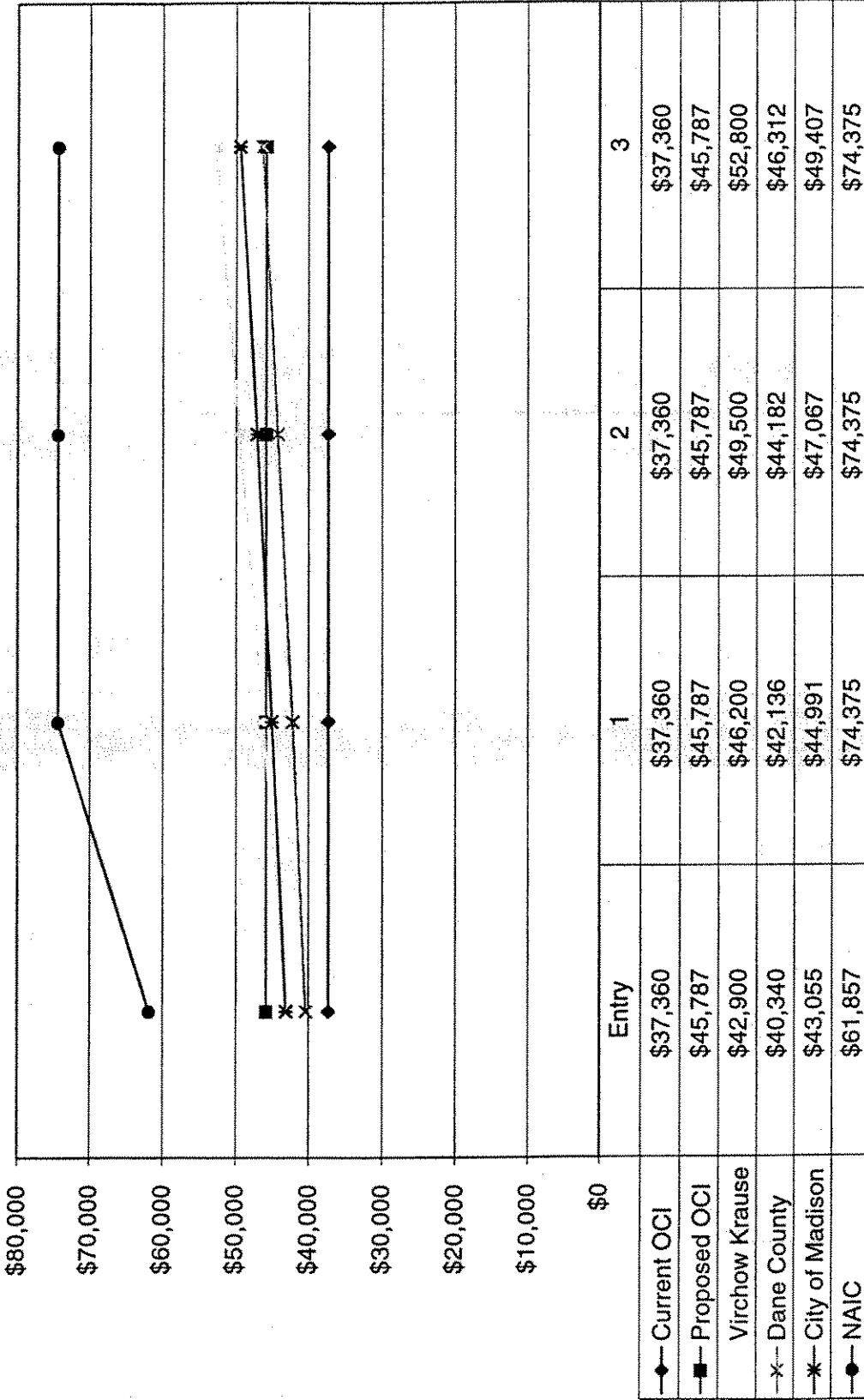
FY '99 Recruitment Data

	FY 2000 INFORMATION - TO DATE								
2000-10	57	57	43	8	6	5	1	Vacant	
2000-11	-	-	-	-	1	-	-	Reinstate	
2000-13	2	-	-	1	1	-	-	J. Dearmond	
2000-19	48	48	32	8	8	7	-	J. Litweiler	
2000-43	-	-	-	-	-	-	-	Vacant	
2000-45	-	-	-	-	-	-	-	Vacant	
2000-50	-	-	-	-	-	-	-	Vacant	
2000-51	-	-	-	-	-	-	-	Vacant	

Annual Salary Comparison
Entry Level Accountant through Year 3



**Annual Salary Comparison
Senior Accountant through Year 3**



INSURANCE (FINANCIAL) EXAMINER
AND
INSURANCE (FINANCIAL) SUPERVISOR

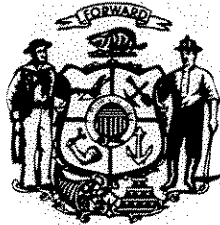
ID #	Class Title	Current Hourly Rate	Current Annual Salary	Current Min.	Proposed RMR	Proposed Min.	WRS	PSICM	Proposed Hourly Increase	Proposed Hourly Rate	Proposed Annual Salary	Cost of Proposed RMR
1	INSURANCE EXAMINER-ENTRY*	13.706	28,508.48	13.706	3.500	17.206	0.517	17.723	3.500	17.206	35,788.48	
2	INSURANCE EXAMINER-ENTRY*	13.706	28,508.48	13.706	3.500	17.206	0.517	17.723	3.500	17.206	35,788.48	
3	INSURANCE EXAMINER-ENTRY*	13.706	28,508.48	13.706	3.500	17.206	0.517	17.723	3.500	17.206	35,788.48	
4	INSURANCE EXAMINER-ENTRY*	13.706	28,508.48	13.706	3.500	17.206	0.517	17.723	3.500	17.206	35,788.48	
23	INSURANCE EXAMINER-ENTRY*	13.706	28,508.48	13.706	3.500	17.206	0.517	17.723	3.500	17.206	35,788.48	
31	INSURANCE EXAMINER-ENTRY*	13.706	28,508.48	13.706	3.500	17.206	0.517	17.723	3.500	17.206	35,788.48	
6	INSURANCE EXAMINER-ENTRY*	13.706	28,508.48	13.706	3.500	17.206	0.517	17.723	3.500	17.206	35,788.48	
9	INSURANCE EXAMINER-ENTRY	14.118	29,365.44	13.706	3.500	17.206	0.517	17.723	3.605	17.723	36,863.84	
5	INSURANCE EXAMINER-DEV*	14.833	30,852.64	14.833	3.750	18.583	0.558	19.141	3.750	18.583	38,652.64	
6	INSURANCE EXAMINER-DEV*	14.833	30,852.64	14.833	3.750	18.583	0.558	19.141	3.750	18.583	38,652.64	
7	INSURANCE EXAMINER-DEV*	14.833	30,852.64	14.833	3.750	18.583	0.558	19.141	3.750	18.583	38,652.64	
10	INSURANCE EXAMINER-DEV	15.278	31,778.24	14.833	3.750	18.583	0.558	19.141	3.863	19.141	39,813.28	
11	INSURANCE EXAMINER-DEV	15.278	31,778.24	14.833	3.750	18.583	0.558	19.141	3.863	19.141	39,813.28	
12	INSURANCE EXAMINER-DEV	15.278	31,778.24	14.833	3.750	18.583	0.558	19.141	3.863	19.141	39,813.28	
14	INSURANCE EXAMINER-DEV	15.523	32,287.84	14.833	3.750	18.583	0.558	19.141	3.618	19.141	39,813.28	
15	INSURANCE EXAMINER-DEV	15.278	31,778.24	14.833	3.750	18.583	0.558	19.141	3.863	19.141	39,813.28	
16	INSURANCE EXAMINER-DEV	15.278	31,778.24	14.833	3.750	18.583	0.558	19.141	3.863	19.141	39,813.28	
13	INSURANCE EXAMINER-JOURNEY	16.534	34,390.72	16.052	3.850	19.902	0.598	20.500	3.966	20.500	42,640.00	
17	INSURANCE EXAMINER-JOURNEY	19.078	39,882.24	16.052	3.850	19.902	0.598	20.500	1.422	20.500	42,640.00	
18	INSURANCE EXAMINER-JOURNEY	17.068	35,501.44	16.052	3.850	19.902	0.598	20.500	3.432	20.500	42,640.00	
19	INSURANCE EXAMINER-JOURNEY	18.767	39,035.36	16.052	3.850	19.902	0.598	20.500	1.733	20.500	42,640.00	
20	INSURANCE EXAMINER-JOURNEY	17.068	35,501.44	16.052	3.850	19.902	0.598	20.500	3.432	20.500	42,640.00	
21	INSURANCE EXAMINER-JOURNEY	16.534	34,390.72	16.052	3.850	19.902	0.598	20.500	3.432	20.500	42,640.00	
22	INSURANCE EXAMINER-JOURNEY	18.189	37,833.12	16.052	3.850	19.902	0.598	20.500	3.966	20.500	42,640.00	
25	INSURANCE EXAMINER-SENIOR	17.893	37,217.44	17.371	4.000	21.371	0.642	22.013	2.311	20.500	42,640.00	
26	INSURANCE EXAMINER-SENIOR	18.767	39,035.36	17.371	4.000	21.371	0.642	22.013	4.120	22.013	45,787.04	
24	INSURANCE EXAMINER-ADV*	21.947	45,649.76	20.315	3.700	24.015	0.721	24.736	3.246	22.013	45,787.04	
27	INSURANCE EXAMINER-ADV	21.601	44,930.08	20.315	3.700	24.015	0.721	24.736	2.789	24.015	49,951.20	
28	INSURANCE EXAMINER-ADV	21.947	45,649.76	20.315	3.700	24.015	0.721	24.736	3.135	24.736	51,450.88	
29	INSURANCE EXAMINER-ADV	23.019	47,879.52	20.315	3.700	24.015	0.721	24.736	2.789	24.736	51,450.88	
30	INSURANCE EXAMINER-ADV	21.601	44,930.08	20.315	3.700	24.015	0.721	24.736	1.717	24.736	51,450.88	
32	INSURANCE EXAMINER SUPERVISOR	24.341	50,829.28	20.315	5.900	26.215	0.787	27.002	2.661	27.002	56,164.16	
33	INSURANCE EXAMINER SUPERVISOR	25.895	53,861.60	20.315	5.900	26.215	0.787	27.002	1.107	27.002	56,164.16	
34	INSURANCE EXAMINER SUPERVISOR	22.417	46,627.36	20.315	5.900	26.215	0.787	27.002	1.107	27.002	56,164.16	
			\$ 1,225,407.04						111,834		\$ 1,456,522.08	\$ 231,115.04
												Variable Fringe rate of 22.8% \$ 39,314.02
												Total Cost of Salary & Fringe \$ 270,429.06

* Represents positions on probation and being paid at the minimum. All others should be at least at the PSICM of their pay range.

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

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
ACTING SECRETARY



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Date: December 16, 1999

To: George Lightbourn, Acting Secretary
Department of Administration

From: Kirsten M. Grinde *KMG*
Policy and Budget Analyst

Subject: Request Under s. 16.505 from the Department of Natural Resources for a
Facility Designer Position.

REQUEST:

The department requests 1.0 FTE PR-S permanent Facility Designer-Journey position under s. 20.370(1)(mk) (general program operations - service funds) to provide space planning and design services related to the ongoing implementation of the department's reorganization. Since the department recently transferred the capital budget and planning section from the Bureau of Facilities and Lands to the Bureau of Administrative and Field Services, the requested position will be funded from the general program operations - service funds appropriation under s. 20.370(8)(mk), which is a continuing appropriation. Any necessary expenditure authority modifications can be approved through the allotment process.

REVENUE SOURCES FOR APPROPRIATION(S):

Revenues for the appropriation under s. 20.370 (8)(mk) are generated through departmentwide chargebacks and charges against the department's capital development budget for costs related to new construction. The chargebacks would be paid from GPR and segregated revenues of the environmental and conservation funds. Allocation of funding for large projects are based on the level of program staffing at each affected site. Chargebacks for ongoing workload are based on departmentwide funding allocations.

BACKGROUND:

The 1.0 FTE Facility Designer-Journey position is requested to support continued implementation of the department's reorganization and the reconfiguration of office space in the GEF 2 and GEF 3 buildings. A major aspect of the department's reorganization is the creation of service centers to improve customer access. Designed to house staff from all or most of the department's programs, the service centers aim to provide one-stop shopping for license and permit sales, recreational vehicle registrations, environmental permit applications and answers to environmental or conservation questions.

The department has opened 23 service center locations to date. Most of these centers are former regional and area offices, which received upgraded computer systems and renovations to improve reception areas and office space. The department plans to open another 10 service centers by the end of fiscal year 2002-03. Many of these remaining centers will be located in new facilities.

The department is also reconfiguring its office space in the GEF 2 and GEF 3 buildings. The reconfiguration is driven by three efforts. Program staff members are being relocated to reflect the structure created by the reorganization. As the relocations occur, the department plans to address space inequities between bureaus. Lastly, the department will be remodeling and installing new systems furniture to use its space more efficiently. Staff will have to be relocated until the remodeling and installation is complete. The department plans to implement the installation at a rate of one floor per year.

The department submitted this request in December 1998. Around that time the Department of Administration requested a review and update of the service center implementation plan. Since the need for the requested position relied on workload related to the service center implementation, evaluation of this position was put on hold until the updated implementation plan was received. DNR completed the service center progress report and new implementation plan in September 1999, about the same time the transfer of the capital budget and planning section was requested. Evaluation of the position was again put on hold while the Legislature and the Governor completed their action on 1999 Wisconsin Act 9, the 1999-2001 biennial budget bill.

ANALYSIS:

The requested position would be located in the Bureau of Administrative and Field Services, which is responsible for the preparing the capital budget and maintaining the department's facilities throughout the state. The bureau currently has 1.5 FTE Facility Designer-Journey permanent positions, which provide space planning and design services. The department also employs LTE staff to meet facility design needs.

The department has more than 30 active space design requests. The majority of these requests relate to the reconfiguration of space in the GEF 2 and GEF 3 buildings. Other requests are for service center implementation and ongoing needs not directly related to the reorganization or reconfiguration. Support of capital budget and six-year facilities development plan projects is also an ongoing need.

At the time this request was submitted, the department had 1.0 FTE Facility Designer-Journey permanent position, supported by LTE staff, to meet space planning needs. The department indicated that this arrangement was inadequate because of the large number of requests and the short-term nature of the LTE staff. The department has since reallocated an additional 0.5 FTE permanent position for space planning purposes. Also, if the department receives the requested position, it has stated that the LTE staff funding would be reallocated to support the permanent positions.

Until recently, the department's existing staffing level and configuration has been able to cover the workload related to ongoing space planning needs and capital budget and

George Lightbourn, Acting Secretary
Department of Administration
December 16, 1999
Page 3

facilities development projects. The addition of the central office reconfiguration and service center and reorganization implementation has increased immediate staffing needs. However, once these projects are completed, the workload should return to a level similar to what it was prior to the reorganization.

The department plans to complete service center implementation by the end of fiscal year 2002-03, and most of the reconfiguration of the GEF 2 and 3 buildings should be done by fiscal year 2003-04. An additional 1.0 FTE Facility Designer-Journey four-year project position would provide the department with support to meet the immediate service center and reconfiguration workload. A project position would also provide an opportunity to evaluate the department's ongoing space planning and design workload and the most efficient staffing configuration to meet that workload.

RECOMMENDATION:

Modify the request to provide 1.0 FTE PR-S Facility Designer-Journey four-year project position, under s. 20.370 (8)(mk) (general program operations - service funds).

FEB 19 1998

DATE: December 16, 1998

FILE REF: 9310

TO: Rick Chandler, State Budget Director *Nick*
Department of Administration, 10th Floor, Administration BuildingFROM: George E. Meyer, Secretary *George*
Department of Natural ResourcesSUBJECT: S. 16.505 / 16.515 Request for 1.0 FTE Program Revenue - Service Position For
Departmentwide Space Planning and DesignRequest

The Department of Natural Resources (DNR) requests the creation of a 1.0 FTE Program Revenue - Service permanent position and additional spending authority for space planning and design services for the Department to be funded through appropriation s. 20.370 (1) (mk). The position would be classified as a Facility Designer (PR-14-55), and assigned in the Facilities & Lands subprogram providing Departmentwide services related to the reconfiguration of the office space in GEF 2 & 3 as well as the DNR Service Centers being opened statewide. The estimated annual cost of the position is \$49,000 (\$32,200 salary, \$12,100 fringe benefits, and \$4,700 supplies and services).

Revenue Sources for Appropriation

The source of revenue for this position in appropriation s. 20.370 (1) (mk) will include department-wide charge-backs to cover the costs of office reconfiguration and Service Center design, and funding from the development budget for costs related to the new construction financed from the Capital Development Budget. These funds will come from almost every operations budget available to the Department. Either segregated Environmental Fund or GPR funded programs will be the primary subprograms involved in space re-design in GEF 2 & 3, and will be involved in the funding of the space design services through charge-backs to the PR-S appropriation. The Conservation Fund will also provide a proportionate share of the funding for the space design services. The funding mix for the space design services for Service Centers will vary by facility, depending on the level of staffing for programs assigned to each service center. The on-going workload of space design and furniture reconfiguration will be based on a Department-wide funding split. There are sufficient funds in the Capital Development Budget cash funding allotment to support the workload costs associated with new construction and major remodeling projects funded from capital improvement accounts.

Background/Justification

This position will provide the stability and continuity required to effectively address the office space and customer service space re-design requests currently active, and those that continue to be generated as the Department implements the customer service focus of the recent agency reorganization. Currently, the Department has only one permanent professional space designer, combined with some LTE support to provide space design services statewide. Other large agencies typically have more than one permanent staff person in space design and planning. The Department of Workforce Development, for example, has 6.0 permanent positions in space design and planning.

The stability and continuity provided by permanent positions instead of LTE support more effectively addresses the office space and customer service space requests, both current requests and those anticipated as the Department reorganization is implemented. The knowledge of the people and program requirements gained in the data gathering for space planning is extremely valuable when the ultimate design and implementation takes place. Without the commitment of a permanent position with fringe benefits, it's difficult to retain qualified people to develop the continuity of knowledge and

understanding of the Department's internal processes and customer service needs that allow the Department to meet client expectations related to office space and public service areas. In addition, it takes a significant amount of time by the existing permanent designer to continuously train new LTE's which would otherwise be devoted to the space planning and design workload.

Currently, there are more than 30 active requests for space design service in the Department. Eighteen of these requests for services are for relocation or redesign services in the GEF 2 & 3 Central Office. For example, requests are generated by the need to bring staff in several of the newly organized divisions that work together into close proximity with each other for more efficient functioning. While a number of requests can be worked on simultaneously, these projects can take between 5 to 12 months to complete. Other current active requests are for ongoing space planning and design needs common in large agencies driven by changes in program staffing and program needs. There are also 15 Service Centers scheduled to open in the next 3 years, and an additional 6 that are planned, but not scheduled at this time. These Service Centers all require support in space planning and layout to efficiently meet the customer service needs intended for Service Centers.

Additional workload is generated by the Capital Development Budget and office space leases, which are currently anticipated to address the needs of regional headquarters in Northern, Northeast and South Central regions as well as ranger stations and park offices already included in the six year Facility Development Plan. Consultants are hired to design the buildings, but the Department must collect the information on staff and workflow patterns and functional adjacencies needed to efficiently design office and customer service areas.

The current arrangement of 1.0 FTE permanent position supplemented by LTE support for Departmentwide space planning and design is inadequate. The Department's space re-design needs related to the new organizational structure combined with normal program-driven changes of a large agency generate a workload far in excess of the available resources to address in a timely and efficient manner.

If you have any questions on this request, please contact Bob Roden in the Bureau of Facilities & Lands at 266-2197 or Eric Thompson in the Bureau of Management & Budget at 266-8251.

Thank you for your consideration of this request.

Steve Miller (see)
Approved: Steve Miller, Administrator, Div. Of Lands

2/9/99
Date

c: Paul Willihnganz - HR/5
Paul Cameron - FN/1
Eric Thompson - MB/5
Bob Roden - LF/4
Kirsten Grinde - DOA
Susan Felker-Donsing - MB/5
Joe Polasek - MB/5

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
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Date: December 13, 1999

To: George Lightbourn, Acting Secretary
Department of Administration

From: Paul Ziegler, Policy and Budget Analyst
State Budget Office

Subject: Request Under s. 16.505 from the Department of Revenue for the Business Tax Registration System

A handwritten signature, likely of Paul Ziegler, consisting of a stylized 'P' and 'Z'.

REQUEST:

Under s.16.505, the Department of Revenue (DOR) requests 3.0 FTE permanent positions beginning in fiscal year 1999-2000 in s.20.566(1)(gb) Business Tax Registration for continued development and support of the Business Tax Registration system. No funding is requested.

REVENUE SOURCES FOR APPROPRIATION:

The source of revenue for the s.20.566(1)(gb) Business Tax Registration appropriation is fees paid by businesses to obtain and renew business tax registration certificates.

BACKGROUND:

The Department of Revenue must establish and maintain regular contact with the businesses that are required to remit taxes imposed by the state - including sales, income and excise taxes. Previously, the department accomplished this by issuing permits with varying fees, application procedures and renewal cycles. The systems maintaining this critical data were developed separately for each tax. Updating information for a filer for one tax would not update the information for other taxes.

To end these fragmented and duplicative administrative processes, 1995 Act 27 provided the department with the authority to replace its separate registration systems with a unified businesses tax registration (BTR) system. The BTR system provides a standardized application, fee structure and renewal period for all required permits.

1995 Act 27 provided DOR with three project positions to develop the BTR system (including two application development positions and a user analyst). Two of these positions terminated in September 1999. The third terminates December 31, 1999.

Conversion of the positions from project to permanent was included in the Governor's budget proposals. The Legislature provided the positions but without funding. In replacing the artificial boost in the lottery credit with an increase in the school levy credit, the Governor found it necessary to partially veto the section affecting the position conversion.

ANALYSIS:

DOR cites a three-fold need for these permanent positions: 1) to ensure completion of the BTR system; 2) to allow updates to the system as tax laws are changed; and 3) to allow the BTR system to become a building block for the department's tax integration effort. The department will fund the positions by reallocating existing expenditure authority for contract programmers. This reallocation will allow the department to achieve its goals for the BTR system while developing permanent expertise.

The cash balance of the appropriation has become a concern, however. Fewer than expected permit renewals created a downward revision in the appropriation's projected revenue stream. The resulting deficits in the appropriation's projected balances led to the Legislature providing positions but no funding to replace the terminating project positions. Without corrective measures, the department now projects that the appropriation's ending cash balance will be negative for each of the next ten fiscal years. The deficit is expected to range from over \$300,000 to nearly \$1 million as presented below:

	<u>Ending Balance</u>		<u>Ending Balance</u>
FY00	-\$952,200	FY06	-\$305,400
FY01	-\$955,700	FY07	-\$471,400
FY02	-\$629,200	FY08	-\$342,600
FY03	-\$664,200	FY09	-\$575,300
FY04	-\$401,800	FY10	-\$513,200
FY05	-\$501,000		

The Governor and Legislature have previously concurred in DOR's need for the requested positions. Since this 16.505 request will allow DOR to complete and maintain the investment in the BTR system while having no immediate impact on the appropriation's ending cash balance, it should be approved. However, the department should also be required to develop plans to eliminate the appropriation's deficit.

RECOMMENDATION:

Approve the request but require DOR to include in its 2001-2003 budget request a proposal to eliminate the deficit in the business tax registration appropriation.



State of Wisconsin • DEPARTMENT OF REVENUE

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PZ

Tommy G. Thompson
Governor

Cate Zeuske
Secretary of Revenue

MEMORANDUM

November 17, 1999

NOV 24 1999

TO: Richard G. Chandler
State Budget Director
Department of Administration

FROM: Cate S. Zeuske
Secretary of Revenue *Cate Zeuske*

SUBJECT: s. 16.505 Request for Business Tax Registration, s. 20.566(1)(gb)

The Department of Revenue (DOR) requests 3.00 FTE permanent positions in s. 20.566(1)(gb) – Business Tax Registration to replace project positions terminating in fiscal year 1999-00. The positions will continue development and support of computer systems for DOR business tax registration functions.

Background

1995 Wisconsin Act 27 created the Business Tax Registration program revenue (PR) appropriation to fund a consolidated business tax registration system. The Department was directed to provide a single application process and 2-year business tax registration certificates for all businesses seeking business tax licenses or permits, and to establish fees for issuance and renewal of certificates. These fees provide the revenue source for the appropriation. Business taxpayers benefit from a simpler registration process.

Act 27 provided program revenue funding for both development and ongoing operation of the new system. It created 3.00 FTE project positions and provided contract programming base funding of \$217,000 in 1996-97 to develop computer systems to support the new registration and renewal processes, and authorized conversion of 16.80 GPR funded registration positions to the PR. Two of the project positions are applications development positions, which were scheduled to terminate on September 30, 1999. The other project position is a user analyst position, which is scheduled to terminate on December 31, 1999.

In 1997-98, the Department requested and obtained additional expenditure authority in the program revenue appropriation for certificate renewal mailings, conversion of data from old systems, training, development of publications, installation of telephones and furniture, a toll-free telephone number, equipment maintenance, and contract programming.

November 17, 1999

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The total annual amount provided for contract programming for 1999-00 and subsequent years was \$269,500. Additional programming costs resulted primarily from increasing complexity and scope of the system development project. The Department recognized the need to plan a system that would be compatible with the five-year Integrated Tax System initiative, which would replace the current separate tax processing systems with a functionally organized system.

In its 1999-01 biennial budget request, the Department sought funding to convert the 3.00 FTE project positions to permanent positions. This would ensure completion of the business tax registration computer system, provide ongoing system support so that law changes, technological advances, and procedural improvements could be incorporated, and provide assistance in integrating the business tax registration system into the Integrated Tax System.

The funding request to convert the positions was approved by the Governor, but was denied by the Joint Committee on Finance. Later, a nonstatutory provision was inserted in the Assembly and Conference Committee versions of the biennial budget bill [AB 133, s. 9143(3gm)] that would authorize 3.00 FTE additional permanent positions to be funded from the Business Tax Registration appropriation. No additional funding would be provided, but the Department could reallocate existing expenditure authority to fund the positions. This provision was vetoed by the Governor. The Governor vetoed the 3.00 FTE permanent positions in order to replace the artificial increase in the lottery credit with an increase in the school levy credit. It was not directed at denying the permanent positions.

The user analyst position is currently vacant, but the application development positions have remained filled by permanent employees in anticipation that they would be converted to permanent positions. With final passage of the budget bill, the applications development project positions must be terminated.

Additional Positions Request

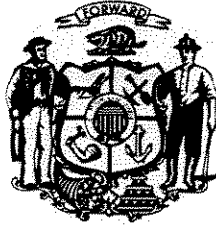
The Department requests 3.00 FTE permanent positions in the Business Tax Registration appropriation to continue system development efforts by the permanent applications development staff who are currently in the project positions, and to provide system and business support by a user analyst. These resources are critically needed to complete business tax registration systems, ensure implementation of appropriate interfaces with the Integrated Tax System, and guide transitions to new taxpayer-focused organizational structures with minimal disruption.

Business tax registration computer systems will require substantial ongoing support. Ongoing needs for systems support have been recognized through provision of base funds for contract programming. However, experienced DOR information technology staff are in a better position than outside contractors to understand internal systems and processes and provide the best possible tools for business staff to do their work. In lieu of outsourcing, the Department will request reallocation of existing contract programming funds to permanent salaries and fringe benefits to support the requested permanent positions.

cc: P. Ziegler

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
ACTING SECRETARY



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Date: December 14, 1999

To: George Lightbourn, Acting Secretary
Department of Administration

From: David P. Schmiedicke, Environmental and Commercial Resources Team Leader
State Budget Office

Subject: Request Under s. 16.505 from Department of Commerce to extend and increase project position authority related to the Vocational Rehabilitation Economic Development/Job Creation Program

REQUEST:

The Department of Commerce requests authorization to extend 2.5 FTE PR-S positions from December 31, 1999, through June 30, 2000. In addition, the department requests authorization to create an additional 0.5 FTE PR-S project position to extend a financial specialist position to full time. The new position would be created from December 31, 1999, through June 30, 2000. All three positions would administer the Vocational Rehabilitation Economic Development (VRED) program through a contract with the Department of Workforce Development (DWD).

REVENUE SOURCES FOR APPROPRIATION(S):

Funding for this program is provided through a contract from the Department of Workforce Development, Division of Vocational Rehabilitation. Contract proceeds are deposited, and program expenditures paid, from the program revenue-service continuing appropriation under s. 20.143 (1)(k) -- materials and services. DWD uses federal Title I funding for the contract, with a state GPR match being provided through existing Department of Commerce financial assistance programs and staff.

BACKGROUND:

The Vocational Rehabilitation Economic Development (VRED) program, formerly known as the Job Creation Program, is a joint effort of the Department of Commerce and the DWD Division of Vocational Rehabilitation to encourage businesses to employ disabled individuals. From its inception on October 1, 1996, through June 30, 1999, companies participating in the program employed 98 disabled individuals, with 47 of those being employed for 90 days or more.

The VRED program is composed of two components: employer services and special business outreach. Through the employer services element, participating businesses can receive wage supplementation grants of up to 75% of a DVR client's wages and grants of

up to 50% of wages incurred when participating in a workforce awareness or development training seminar.

Through the Special Business Outreach component, Commerce staff conducts employer forums and workshops on issues surrounding employment of disabled individuals (e.g., labor laws, adaptive technology), develops marketing plans and provides direct technical assistance regarding job process modifications to assist the disabled. Currently, 2.0 FTE PR-S community services positions oversee the outreach element of the program. Goals for the contract period from October 1, 1999 through June 30, 2000, include conducting 56 initial meetings with interested businesses and DVR staff, providing wage supplementation and training grants to 23 businesses, and successfully rehabilitating 45 DVR clients.

The program is also authorized 0.5 FTE PR-S financial specialist position that supports workload associated with grant agreements, processing and compliance, federal grant oversight and submittal of billing reports. Commerce requests increasing this position to full-time in order to fulfill new contract obligations related to development of a web site and a cost reporting system.

The current positions were approved by the Joint Committee on Finance, effective January 1, 1997, for one year, with the possibility for two one-year extensions at the discretion of the Department of Administration. Commerce originally submitted this request on September 20, 1999. Since that date, Commerce and DWD have been negotiating an extension to the contract and reviewing program goals. The contract was not finalized until November 1999.

ANALYSIS:

Since its inception, the VRED program has not met all of the goals established under the Commerce/DWD contract. The key goal is the number of jobs filled by DVR clients at the end of the contract period. In all three contract periods spanning October 1, 1996, through June 30, 1999, the goal was 76 jobs filled. The maximum number of jobs filled was 47 during the last contract period. Commerce points to a insufficient contract review, staff turnover and other personnel issues as being contributing factors to the lack of fulfillment of the contract.

Both Commerce and DWD believe the goals of the program remain important and that the outreach efforts with employers are critical in placing more disabled individuals in meaningful jobs. Toward that end, the contract has been extended through June 30, 2000. In addition, the contract goal related to filled jobs has been reduced to 45 to more accurately reflect past experience.

The contract also calls for expanded communication capabilities between Commerce and DVR through development of an internal web site to more rapidly transmit information on wage supplementation grants, available positions, and DVR client referrals. This effort will also include coordination of the web site with other Commerce and DVR databases and creation of an integrated billing and reporting system for the program. Commerce has

George Lightbourn, Acting Secretary
Department of Administration
December 14, 1999
Page 3

requested expansion of an existing 0.5 FTE PR-S financial specialist project position to full-time to support these additional responsibilities.

Development of such a system should make bill processing and financial reporting much more efficient. In addition, web site development represents a one-time effort that can rely on existing information technology resources in Commerce and limited-term employees. As such, an additional 0.5 FTE PR-S project position may not be necessary given the short time frame of the contract.

The current contract between Commerce and DWD expires on June 30, 2000. The status of future contracts is uncertain at this time. The 4-year limit on the project positions will be reached on December 31, 2000. Extension of the program beyond that date will require converting the project positions to permanent status.

Given the uncertainty regarding contract extensions and the delays associated with finalizing the most recent contract (approximately two months), it seems reasonable to extend the project positions beyond June 30, 2000. If the two agencies decide to make the program permanent, another s. 16.505 request will be necessary to convert the project positions to permanent status. Extending the ending date of the positions to the full four year limit of December 31, 2000, would appear to provide sufficient time for completing contract review and proceeding with any necessary executive and legislative approvals concerning position status.

RECOMMENDATION:

Extend the 2.5 FTE PR-S existing project positions to December 31, 2000. Deny adding 0.5 FTE PR-S financial specialist position.

CC DS
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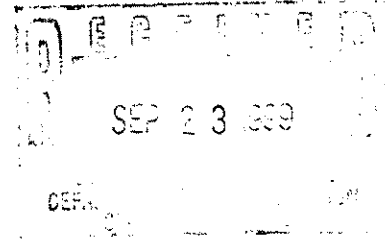
MEMORANDUM

DATE: September 20, 1999

TO: Richard Chandler
Department of Administration

FROM: *for* Brenda J. Blanchard, Secretary
Department of Commerce *BJB*

SUBJECT: 16.505 Request for the Employment Opportunity Program (formerly the Job Creation Program)



Request

The Department of Commerce requests authorization to extend 2.5 FTE project positions from October 1, 1999 through June 30, 2000. The positions, which help to administer the Employment Opportunity Program (EOP), are classified as 2.0 FTE Community Services Specialist 3 and 0.5 FTE Financial Specialist 4.

In addition, the Department requests authorization to create an additional 0.5 FTE project position for the purpose of converting the aforementioned Financial Specialist project position to full-time. The timeframe for the additional 0.5 FTE position would also be from October 1, 1999 through June 30, 2000.

Funding

The positions would be funded from appropriation 121, s. 20.143 (1) (k), which is the Department's program revenue service appropriation for providing materials and services. The positions would be located in the Division of Economic Development.

The source to fund the positions is a contract that has been awarded to Commerce by the Department of Workforce Development (DWD), Division of Vocational Rehabilitation (DVR). DVR has agreed to extend the contract from October 1, 1999 through June 30, 2000.

Up to 78.7% of the amount of the contract will be funded with federal Title I funds. The remainder of the contract will be funded with state GPR matching funds, which will be provided through existing staff resources and financial assistance programs. The contract will provide enough federal funds for 3.0 FTE project positions.

Background

The Employment Opportunity Program, formerly known as the Job Creation Program, is a joint effort of Commerce and DVR that encourages businesses to hire disabled individuals. The program originated on October 1, 1996. From the inception of the program through June 30, 1999, 107 disabled individuals are known to have been employed with companies that have participated in the program, of which 65 were employed for 90 days or more. Forty-four of the 107 individuals (41%) are currently employed and earning an average wage of \$8.61 per hour.

The change in the name of the program, from JCP to EOP, coincides with a number of changes that are going to be made in the administration of the program and in the way that grants are going to be awarded to businesses.

The goal of EOP will be to reduce unemployment among disabled individuals and to increase the number of businesses in Wisconsin that actively identify and recruit disabled individuals. The program objectives are as follows:

- Improve the quality of employment for disabled individuals, which includes wage and fringe benefits.
- Increase the utilization of DVR as an employment resource.
- Educate employers on how jobs can be modified to correspond to the skills of a disabled individual.
- Help DVR to improve its ability to provide employment services and to help DVR refer its clients to businesses in a timely manner.

EOP will be comprised of 2 components: Employer Services and Special Business Outreach. Under the Employer Services component, businesses that enter into a contract with Commerce will be eligible to receive the following awards:

1. Wage Supplementation Grants: Commerce will reimburse companies up to 75% of a DVR client's wages. The intent is to provide an incentive for businesses to hire DVR clients for the long term. Assuming an average hourly wage of \$9, it is estimated that the average reimbursement award to companies will be \$3,500 per DVR client.
2. Workforce Development or Awareness Training Grants: Commerce will reimburse businesses for up to 50% of wages that are incurred when an employee participates in a workforce development or awareness training seminar.

The grants will be funded with a combination of federal Title 1 funds and state GPR matching funds (refer to the attached 9-month preliminary program budget).

The Special Business Outreach component of EOP will allow Commerce and DVR staff to mitigate issues surrounding the attraction and retention of DVR clients, which will ultimately contribute to the success of the program. Commerce staff will organize presentations and seminars for businesses, training for DVR staff, and arrange speaking engagements by outside consultants. Specific examples of outreach activities include:

- Employer forums addressing labor law issues, workforce development training, and tax incentives
- Sponsorship of DVR's National Disability Employment Awareness Month
- Employer workshops on adaptive technology
- Involvement with the Business Leadership Network
- Development of an internet website that will facilitate communication between DVR district offices and Commerce regarding available positions, and DVR clients that have been referred, hired, terminated, etc.

Program Measurement

The following table details the outcomes and goals for which EOP will be evaluated during the upcoming 9-month contract period:

Outcome	Goal
Initial Joint Meetings conducted with businesses and DVR	57
Businesses awarded wage supplementation grants	23
Businesses awarded workforce development or awareness training grants	23
Positions targeted for DVR clients	94
DVR clients whose wages will be supplemented by EOP grants	57
Successfully rehabilitated DVR clients (as defined by DVR standards)	45

Community Service Specialist Positions

Community Service Specialists serve as the initial contact point for the program. These positions are responsible for meeting with businesses that are interested in participating in the program and for reviewing application materials to determine if a business meets the program's eligibility requirements. In addition, they perform other activities, such as:

- Developing and implementing a marketing plan that encourages businesses to participate in the program
- Conducting workshops to inform businesses about the program
- Providing direct technical assistance to participating businesses—for example, educate businesses on how jobs can be modified to correspond to an employee with a disability.
- Serving as a program liaison for DVR and other interested agencies or organizations

During the first 9 months of the current contract year, the incumbents, Kathryn Berger and Mary Perich, responded to 69 inquiries, conducted 20 initial joint meetings, reviewed 9 program applications, awarded 9 grants, and made 49 presentations to such groups as the Rock County Job Fair, the UW-La Crosse Business Development Center, and the Eau Claire Chamber of Commerce.

Financial Specialist Position

The Financial Specialist prepares the grant agreements and performs other activities, such as monitoring compliance with the terms of an agreement and monitoring the draw-down of federal grants made to DVR. In addition, the Financial Specialist prepares monthly and quarterly program reports and assists with the preparation of monthly billing reports, all of which are submitted to DVR. During the current year, the incumbent, Patrick Burns, has written 9 contracts, 6 amendments, reviewed and processed 21 draw requests, and prepared numerous program and billing reports for DVR.

The Department requests that the position be converted from half-time to full-time because it anticipates that the workload for the position will increase significantly when the program is converted from JCP to EOP. The work will be ongoing and will require a full-time staff person to complete. As prescribed by DVR and the soon-to-be signed EOP contract, the additional responsibilities for the Financial Specialist position are as follows:

- Assist with the development of an internet website that will facilitate communication between DVR district offices and Commerce regarding the positions that will be subject to wage supplementation awards and the DVR clients that have been referred, hired, terminated, etc.
- Update website data on a daily basis.
- Synchronize website data with other databases that are maintained by Commerce and DVR.
- Work with DVR and other Commerce staff to develop a reporting system that will accurately track program expenses and allow for timely and accurate billing of those expenses.
- Design new program reports that will monitor the Department's progress towards meeting its goals. In addition, design forms and contracts that will be essential to administering the program.
- Prepare monthly reports to program manager regarding the expenditure of funds and how the expenditures compared to the program budget.
- Develop a system that will notify the Community Services Specialists when a grant agreement with a business has expired.
- Amend or terminate contracts with businesses based upon the recommendation of the Community Services Specialists.
- Develop and implement procedures for the disbursement of EOP awards in a manner that adheres to federal regulations.

It should be clarified that these responsibilities will be in addition to (not replacing) the responsibilities that are currently required of the position under the JCP contract.

Position Costs

The cost to fund 3.0 FTE project positions for the program is estimated in the following table. All costs will be through federal Title I.

Salaries	73,700
Fringe Benefits	26,700
Supplies/Services	35,000
Overhead	20,250
TOTAL	\$155,650

cc: Bruce Fox
Oscar Herrera
Kathleen Glancey
Colleen Holtan

DVR/COMM EMPLOYMENT OPPORTUNITY PROGRAM

Preliminary 9-month budget
October 1, 1999-June 30, 2000

Item	COMM		Federal 1B	Total
	GPR Match			
Program Staff Salaries	29,639		73,644	103,283
Fringe Benefits	10,747		26,703	37,450
Supplies and Services	10,000		35,000	45,000
Commerce Grants	75,000			75,000
Workforce Development Grants			22,500	22,500
EOP Grants			199,500	199,500
Special Business Outreach			34,000	34,000
EOP Indirect			20,250	20,250
DVR Administration			26,483	26,483
Total	125,386		438,080	563,466
Percentage of Total Budget	22.3%		77.7%	