
WISCONSIN EDUCATION ASSOCIATION COUNCIL

Affiliated with the National Education Association

*Every kid
deserves a
Great School!*

TO: Senator Brian Burke, Co-chair Joint Finance Committee
Representative John Gard, Co-chair Joint Finance Committee

FR: Bob Burke, Legislative Program Coordinator
Wisconsin Education Association Council

DA: Tuesday, March 13, 2001

RE: Removal of Non-fiscal Policy from State Budget bill

In the past, The Wisconsin Education Association Council has supported the removal of non-fiscal policy from the state budget. The specific items outlined in this document are initiatives contained in Governor McCallum's proposed 2001-2003 budget that WEAC believes should be removed as non-fiscal policy. The items listed are very complex and sometimes controversial.

Each non-fiscal policy item should be reintroduced as separate legislation where it may be given a full and fair public hearing before an appropriate standing committee in the Legislature. Only then can we determine whether each policy initiative truly places students in classrooms that work, promotes the recruitment and retention of great staff in our schools and maintains a public school system that benefits everyone.

The Joint Finance Committee has agreed in the past to remove non-fiscal policy from the budget based on a thorough review of items by the non-partisan Legislative Fiscal Bureau. WEAC has applauded those efforts and hopes you will decide remove non-fiscal policy from the budget again this year.

Terry Craney, President
Michael A. Butera, Executive Director

WEAC Recommended List Of Non-fiscal Policy Items to Remove From Budget

This is a list of items in Governor McCallum's '01-03 proposed budget that WEAC believes should be removed as "non-fiscal" policy. It is possible that many more non-fiscal policy items remain but were not detected in our initial review of the budget bill. WEAC, however, supports the removal of all non-fiscal policy from the state budget.

Item Description:	Primary Budget Section:	Budget Page References:
Redefine a QEO to require that only "substantially similar" benefits be offered, not all of the benefits	2609	Pg. 1111
Prohibited subjects of bargaining; operation of a charter school; decision to close and reopen schools; contracting to provide educational programs	2611	Pg. 1112
Prohibited subject of bargaining; layoff or reassignment of staff	2612 and 2678	Pg. 1112 and 1132
Prohibited subject of bargaining; establishment of school calendar	2614	Pg. 1113
Prohibited subject of bargaining; Choice of Health Provider	2615	Pg. 1113
Maximum federal aid flow-through from DPI	2620	Pg. 1115
Requiring DPI to charge a fee for Badgerlink	2621	Pg. 1115
Vocational education and review of policies by the Governor's Work Based Learning Board	2623	Pg. 1115
Require DOA and WTCS pre-approval of DPI distance education rules	2626	Pg. 1117
Changes in usage of federal aid for special education	2659	Pg. 1125
Repeal range of severity report for special education	2660	Pg. 1125
Repeal IEP determination of special education placement of a child	2661	Pg. 1125
Redefinition of IEP Teams roles and duties in special education evaluations and transition services for children	2662-2666	Pgs. 1125-1127.
Require WI special education rules to be identical to federal rules	2672	Pg. 1130
✓ Eliminate bi-lingual requirement for teaching bi-lingual education	2672	Pg. 1130
Changes to school board start date public hearing dates	2679	Pg. 1132
Expansion of alternative teacher licensure; five years experience, five years military but no bachelors degree	2680, 2684-2688, 2691, 2692,	Pgs. 1132 - 1137

Item Description:	Primary Budget Section:	Budget Page References:
Voluntary voucher school testing; parent opt out, preview of tests; confidentiality of results; fees; prohibition on release of results by school	2708-2718	Pg. 1142-1146
✓ Changes to licensure certification and waiver authority	2719	Pg. 1146
✓ School districts granted "Expanded Flexibility Status"	2720-2721	Pgs. 1146-1150
✓ UW, WTCS, CESAs authorized to charter schools	2723	Pg. 1150
Conversion of charters as non-instrumentalities in MPS	2726	Pg. 1151
Repeal of legislative audit oversight of charter schools	2727	Pg. 1151
✓ School closing authority for school boards and administrators	2745	Pg. 1156
Voucher boundary expansion - Thomas More Bill	2746	Pg. 1156
✓ Various changes to voucher program; eligibility criteria at 185% of poverty, notification process, appeals process, procedures for pupil counts, "once you are in you are in", listing of eligible schools.	2747-2753	Pgs. 1156-1158
School board subcontracting for education programs	2754	Pg. 1158
Scheduling of school referendum	2756-2758	Pg. 1159-60
Repeal of 120.06 (5) check reference	2759	Pg. 1161
Expanded authority for school boards to extend school hours	2760	Pg. 1161
✓ Charter authority and conversion of private schools	2765	Pg. 1162
Administration of aid to operators of charter schools	2733-2774	Pg. 1164
Nonstatutory provisions; Public Instruction (1) Estimate of mentor costs (2) Commencement of school term study and prohibition on holding classes the Friday before Labor Day (3) Review of the Department's rules (4) Reorganization of the Department (5) School performance committee (6) Transfer of functions to Board on Education Evaluation and Accountability	9140	Pgs. 1757-1762

In the weeks ahead, the Wisconsin Education Association Council will provide a more in-depth analysis Governor McCallum's proposed budget and its impact on children and public schools. Please feel free to contact me at burkeb@weqc.org or by phone at 800-362-8034 ext. 254 if you have any comments, questions or reactions to this list of non-fiscal policy items suggested for removal from the budget.

Cc: Joint Finance Committee Members
Senator Rick Grobschmidt, Senate Education Committee Chairperson
Representative Luther Olsen, Assembly Education Committee Chairperson
Bob Lang, Legislative Fiscal Bureau Director
Terry Craney, WEAC President
Michael Butera, WEAC Executive Director
John Stocks, WEAC Assistant Executive Director for Public Affairs

NON-FISCAL POLICY ITEMS

GENERAL FUND TAXES

Excise Taxes and Regulation of Alcohol and Tobacco

- Regulation of Alcoholic Beverages (Page 45, Item #2)
- Regulation of Cigarette Sales (Page 48, Item #3)

ADMINISTRATION

General Agency Provisions

- State and Local Government Policy Coordination (Page 55, Item #10)
- Functions of the Federal-State Relations Office (Page 56, Item #12)
- Study of State Agency Plan Reviews of Nursing Homes, Hospitals and Related Facilities (Page 57, Item #14), (Page 408, Item #11)

Agency Services

- State Procurement Law Modifications (Page 70, Item #11)

Attached Programs

- Elimination of the Council on Health Care Fraud and Abuse (Page 78, Item #8)*

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Departmentwide and Resource Management

- Drainage District Permitting (Page 94, Item #9)
- Commercial Feed Violations Penalties (Page 95, Item #12)
- Expand DATCP Pest Abatement Authority (Page 96, Item #17)
- Delete Reporting Requirements (Page 98, Item #25)
- Eliminate the World Dairy Center Authority (Page 99, Item #26)*

Trade and Consumer Protection

- Product Safety and Hazardous Substance Violations Penalties (Page 102, Item #11)
- Telemarketing Identification Requirements (Page 102, Item #12)
- Pawnbroker Licensing Forms (Page 103, Item #13)
- Eliminate County and District Fair Report Requirement (Page 103, Item #15)
- Create an Agricultural Producer Security Program (Page 104, Item #17)

CIRCUIT COURTS

- Qualifications, Certification and Expanded Use of Court Interpreters (Page 161, Item #4)

COMMERCE

Departmentwide and Economic Development

- Consolidate Business Development Assistance Center and Entrepreneurial Assistance Networks Reports (Page 183, Item #20)
- Regulatory Flexibility Committee (Page 188, Item #23)

Building and Environmental Regulation

- Eliminate PECFA Council (Page 192, Item #6)*
- Fire Safety and Fire Dues Grant Program (Page 194, Item #9)
- Inspection of Manufactured Dwellings (Page 198, Item #13)
- Inspection of One- and Two-Family Dwellings (Page 198, Item #14)
- Uniform Dwelling Code Council (Page 199, Item #15)

CORRECTIONS

Adult Correctional Facilities

- Conditional Medical Parole and Extended Supervision (Page 216, Item #18)
- Change Obsolete Terminology (Page 220, Item #29)*

Juvenile Corrections

- Serious Juvenile Offender Confinement Limits (Page 231, Item #13)
- Placement of Juveniles in Prison (Page 233, Item #14)
- Criteria for Holding a Juvenile in Custody (Page 234, Item #16)

EDUCATIONAL COMMUNICATIONS BOARD

- Fund-Raising Corporation (Page 242, Item #8)

ELECTIONS BOARD

- Election Law Changes (Page 249, Item #5)

all sep. bills

try base

EMPLOYMENT RELATIONS

- Merit Recruitment and Selection Pilot Programs (Page 281, Item #4)
 - Repeal Residency Requirement for LTE and Project Appointments (Page 281, Item #5)
 - Delegation of Authority to State Agencies (Page 281, Item #6)
 - Implementation of Affirmative Action Plans (Page 282, Item #7)
 - Modify Various Reporting Requirements (Page 282, Item #8)
 - Leaves of Absence for Adjutant Generals (Page 283, Item #9)
- check previous memos from Bob*

try base

EMPLOYMENT RELATIONS COMMISSION

- bottom line* ○
- Arbitration Awards Affecting City of Milwaukee Police Officers (Page 285, Item #4)
 - Selection by School Districts of Group Health Insurance Providers Made a Permissive Subject of Bargaining under Certain Circumstances (Page 285, Item #5)
 - Reassignments Due to Charter School Operations (Page 287, Item #6 -- see Department of Public Instruction for remaining provisions of Item #6 and all of Item #7 on Page 288)
- very bad* ○

FINANCIAL INSTITUTIONS

- Administrative Dissolution of Limited Liability Companies (Page 296, Item #4)
- Interest on Money Being Held for Investment (Page 299, Item #6)
- Investment Advisor Registration and Fees (Page 300, Item #8)
- Regulation of Credit Unions (Page 300, Item #9)
- Universal Banking (Page 305, Item #10)

GENERAL PROVISIONS

- Prohibition on Dual Employment by State Agencies (Page 323, Item #1)
- State-Local Fringe Benefits Study Committees (Page 323, Item #2)
- Uniform Electronic Transactions Act (Page 324, Item #3)
- Requirements Pertaining to the Sale of Municipal Utility Property (Page 327, Item #4)
- Register of Deeds Fees for Certifying Copies (Page 328, Item #5)
- Bifurcated Sentencing Structure Modifications (Page 328, Item #6)
- Statute of Limitation in Sexual Assault Cases (Page 332, Item #7)
- Club Drug Penalties (Page 332, Item #8)
- Crimes Related to Computers, Obscenity, Nudity and Pornography (Page 334, Item #9)
- Theft of a Rented or Leased Motor Vehicle (Page 336, Item #10)
- Prisoner Litigation Definition of Correctional Institution (Page 337, Item #11)

HEALTH AND FAMILY SERVICES

Departmentwide and Management and Technology

- Required Reports and Plans (Page 345, Item #13)

Health

- Release of Health Care Information (Page 378, Item #14)
- Vital Records -- Miscellaneous Statutory Changes (Page 379, Item #18)

Children and Families

- Guardianship (Page 393, Item #14)
- Petitions for the Transfer of Custody and Guardianship (Page 394, Item #15)
- Permanency Plans for Court-Ordered Placements with a Relative (Page 395, Item #16)
- Court-Ordered Placements -- Agency Recommendations (Page 396, Item #17)
- Searches for Birth Parents (Page 397, Item #20)

Community Aids and Supportive Living

- Health Facility Licensing and Enforcement (Page 403, Item #10)
- Delete Obsolete References (Page 408, Item #12)*

Family Care and Other Community-Based Long-Term Care Programs

- Children's Home and Community-Based Waiver (Page 411, Item #5)
- Family Care -- Referrals to Resource Centers (Page 413, Item #7)
- Family Care -- Services of Resource Centers and Miscellaneous Changes (Page 413, Item #8)
- Family Care -- Exempt CMO Contractors from Home Health Agency Licensure Requirement (Page 414, Item #9)
- Family Care -- Family Care Districts (Page 415, Item #11)
- Family Care -- Hearing Rights (Page 416, Item #13)
- Preadmission Requirement for CBRFs and RCACs in Non-Family Care Counties (Page 416, Item #14)

HIGHER EDUCATIONAL AIDS BOARD

- Rename the Academic Excellence Scholarship Program (Page 419, Item #4)
- Minority Undergraduate Retention Grant Report (Page 420, Item #10)

HISTORICAL SOCIETY

- Repeal Historical Society Endowment Fund Council (Page 423, Item #8)*

INSURANCE

- Management Contracts (Page 428, Item #16)

INVESTMENT BOARD

- Revised Depository Selection Board Membership (Page 430, Item #2), (Page 591, Item #14)

LEGISLATURE

- JCLO Review of Kettl Commission Report (Page 443, Item #7)

MILITARY AFFAIRS

Agencywide

- Report on the Effectiveness of the Badger Challenge and the Youth Challenge Programs (Page 450, Item #6)
- Creation of a Wisconsin Naval Militia (Page 450, Item #8)

Emergency Management

- Level A Hazardous Materials Response Team Training and Reporting Requirements (Page 453, Item #2)

NATURAL RESOURCES

Departmentwide

- Rename Division of Land (Page 467, Item #16)*
- Wild Rice License Exemption (Page 468, Item #19)*

Fish, Wildlife, and Recreation

- Elk Hunting (Page 470, Item #6)
- Master Hunter Education Program (Page 472, Item #7)
- Requirements for Permit Issuance (Page 474, Item #13)

Forestry and Parks

- Statewide Trail System (Page 484, Item #20)
- Lease of Land in the Wisconsin Dells Natural Area (Page 485, Item #21)

Water Quality

- Fish Farm Water Usage Exemptions (Page 493, Item #19)
- Water Pollution Discharge Permit Variance to Water Quality Standards (Page 494, Item #20)

Air, Waste and Contaminated Land

- Recycling -- Report to Propose Local Grant Formula Change (Page 497, Item #4)
- Air Management -- General Construction Permits (Page 498, Item #8)
- Brownfields -- Local Government Negotiation and Cost Recovery Process (Page 502, Item #16)
- Local Government Liability Exemption (Page 505, Item #17)
- Brownfields -- Eliminate Interim Liability Exemption for Voluntary Parties (Page 506, Item #18)
- Brownfields -- Natural Attenuation at Voluntary Party Sites (Page 506, Item #19)
- Brownfields -- Voluntary Party Liability Exemption for Former Owners (Page 507, Item #20)
- Brownfields -- Liability Exemption for Sediment (Page 507, Item #21)
- Voluntary Party Liability Exemption for Properties Impacted by Off-Site Contamination (Page 507, Item #22)
- Liability Exemption for Use of Special Waste Under Public Works Contracts (Page 507, Item #23)
- List of Contaminated Sites (Page 509, Item #25)
- Green Tier Program (Page 510, Item #27), (Page 193, Item #8)

PUBLIC INSTRUCTION

all really bad Categorical Aids

- ~~XXX~~ • Special Education Requirements (Page 536, Item #2) *poss violation of fed law*
- ~~XXX~~ • Special Education Rules (Page 537, Item #3)
- ~~X~~ • Bilingual-Bicultural Educational Program Requirements (Page 539, Item #9)
- ~~XXX~~ • Expanded Flexibility for School Districts (Page 540, Item #12), (Page 288, Item #7 in part)
- ~~XXX~~ • Performance Improvement Awards for Schools (Page 543, Item #18) *pay for performance!*

Choice, Charter and Open Enrollment

- ⊙ Milwaukee Parental Choice Program Administrative Dates and Notifications (Page 545, Item #4)
- ~~XXX~~ • Expand Chartering Authority (Page 546, Item #6) *requires not instrumentality, no accountability*

Assessments and Licensing

- ~~X~~ • Milwaukee Parental Choice Program Pupil Assessment (Page 551, Item #5) *voluntary - prohib DPI release*
- ⊙ 4th and 8th Grade Pupil Assessment Modifications (Page 552, Item #7)
- ⊙ Access to Statewide Examinations (Page 552, Item #8)
- ~~XXXX~~ • Exceptions to Teacher Licensing Education Requirements (Page 553, Item #9)
- ~~X~~ • Establish Different Levels of Teacher Licensure (Page 553, Item #10) *low licensure?*
- ~~XXX~~ • Recognize Out-of-State Teacher Licenses (Page 554, Item #11) *duplicates PT 34 language? but present in statute - mandates DPI*
- ⊙ Teacher Background Checks and License Suspension (Page 554, Item #12)
- ~~XXX~~ • Waiver of Teacher Licenses Allowed (Page 555, Item #13)

School District Operations

- ~~XXXX~~ • Expand Current MPS School Closing Authority Statewide (Page 555, Item #1), (Page 287, Item #6 in part)
- ~~XXXX~~ • Expand Current MPS School Contracting Authority Statewide (Page 556, Item #2), (Page 287, Item #6 in part)
- XX • School District Referenda Scheduling (Page 557, Item #3) *sep bill, passed assy?*
- ~~XX~~ • School Start Date (Page 559, Item #4), (Page 288, Item #7 in part) *no leg - duplicates earlier study*
- ~~XX~~ • Layoff or Reassignment of Employees in Consolidated School Districts (Page 559, Item #5), (Page 288, Item #7 in part) *consolidate, carte blanche layoffs*
- ~~XX~~ • Low Performance Schools (Page 560, Item #6) *DPI already has plans*
- ~~XX~~ • Prohibit Waivers for School Performance Reports (Page 560, Item #7)

Administrative and Other Funding

- ~~XX~~ • Committee to Review DPI's Rules (Page 565, Item #17) *unconstitutional, gov appointees, no*
- ~~X~~ • Vocational Education Consultants (Page 566, Item #19) *power grab* *sen approval*
- ~~X~~ • Distance Education Rule Making (Page 567, Item #21) " "
- ~~X~~ • Minority Group Pupil Precollege Scholarships (Page 567, Item #22)
- • Division for Libraries and Community Learning (Page 567, Item #23)
- ~~X~~ • Delete Charter School Audit (Page 568, Item #25)*

PUBLIC SERVICE COMMISSION

Agencywide

- Public Utilities Exemption from Liability for Stray Voltage Damage (Page 572, Item #6)
- Energy Assessments of Proposed Administrative Rules (Page 574, Item #8)
- Revised Commission Enforcement Authority Over Various Entities Providing Telecommunications Services (Page 575, Item #9)

REGULATION AND LICENSING

- Licensure of Private Security Agencies and Issuances of Private Security Permits (Page 581, Item #6)
- Elimination of Certificates of Good Standing Requirement for Restoration of Funeral Director's Licenses (Page 585, Item #10)

REVENUE

Tax Administration

- Reciprocal State Tax Refund Offset Agreements (Page 591, Item #13)
- Study on Promoting Economic Growth (Page 592, Item #15)
- Biennial Land Information Integration Plan (Page 592, Item #16)

Lottery Administration

- Require a Court Order for Multiple Payees of a Lottery Prize (Page 595, Item #4)

SHARED REVENUE AND PROPERTY TAX RELIEF

Direct Aid Payments

- Use of County Shared Revenue (Page 605, Item #3)

Property Tax Credits

- Farmland Preservation Liens and Conversion Fees (Page 606, Item #3), (Page 93, Item #7)

Property Taxation

- Taxation of Property of Public Utility Holding Companies (Page 609, Item #1)
- Property Tax Exemption for Treatment Plant and Pollution Abatement Equipment (Page 609, Item #2), (Page 39, Item #19)
- Property Tax Exemption for Regional Planning Commissions (Page 610, Item #3)
- Payment of Refunds on Manufacturing Property (Page 610, Item #4)
- Objections to Manufacturing Assessments (Page 611, Item #5)
- Classification of Manufacturing Property (Page 612, Item #6)
- Manufacturing Report Forms (Page 612, Item #7)
- Correcting Assessment Roll Errors (Page 612, Item #8)
- Special Charges for Municipal Services That Are Available (Page 613, Item #9)
- Assignment of Tax Deeds on Brownfield Property (Page 613, Item #10)
- Sale of Tax Delinquent Brownfield Properties (Page 614, Item #11)
- Environmental Remediation Tax Incremental Financing Districts (Page 614, Item #12)

Local Revenue Options

- Municipal Industrial Revenue Bonds (Page 617, Item #2)

STATE TREASURER

- College Savings Program -- Statutory Changes (Page 623, Item #7)
- College Tuition and Expenses Program -- Statutory Changes (Page 624, Item #8)
- Statutory Changes to Escheats Statute (Page 625, Item #12)

TEACH BOARD

- Public Library Boards Telecommunications Access Shared Service Agreements (Page 633, Item #15)
- TEACH Block Grant Reporting Requirement (Page 633, Item #16)

TRANSPORTATION

Local Transportation Aid

- Mass Transit Operating Assistance -- Basis for Aid (Page 655, Item #4) [This provision is included in 2001 Assembly Bill 37, which has been adopted by both houses of the Legislature.]

Local Transportation Projects

- Transportation Economic Assistance Program -- Rename Program (Page 657, Item #2)
- Civil Immunity for Owners of Property Containing a Rails-With-Trails Trail (Page 661, Item #12)

State Highway Program

- Intelligent Transportation Systems (Page 668, Item #13)
- Confidentiality of Certain Information Collected for the Disadvantaged Business Enterprise Program (Page 668, Item #14)

Motor Vehicles

- Occupational License Restrictions for Repeat OWI Offenders (Page 672, Item #10)
- Vehicle Sanctions for Repeat OWI Offenders (Page 673, Item #11)
- Suspension of a Juvenile's Driver's License for Failure to Pay a Nondriving Forfeiture (Page 674, Item #12)

UNIVERSITY OF WISCONSIN

- Modify Membership of WSLH Board (Page 690, Item #31)
- Course Offerings During Evenings, Weekends or by Electronic Means (Page 691, Item #32)
- Tuition Remissions for State Science Fair Champion (Page 691, Item #33)
- Auxiliary Reserve Fund Report Filing Date (Page 692, Item #35)
- UW-Madison Medical School Statutory Language Modifications (Page 692, Item #36)*
- Repeal Medical Education Review Committee (Page 692, Item #37)*

ask David

*find
Grandin's
list*

VETERANS AFFAIRS

Trust Fund Programs and Veterans Benefits

- Veterans Personal Loan Program Administrative Rules (Page 706, Item #10)

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

- Definition of an Educational Facility (Page 709, Item #1)
- Authority to Use Out-of-State Trust Companies and Banks (Page 709, Item #2)

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

- Delete Obsolete Drought Assistance Loan Guarantee Program (Page 711, Item #4)*

WISCONSIN TECHNICAL COLLEGE SYSTEM

- ~~•~~ WTCS Board Course Approval and Elimination (Page 714, Item #7)
- ~~•~~ Modification of Incentive Grant Program (Page 714, Item #8)
- ~~•~~ Applied Technology Center Capital Expenditures (Page 714, Item #9)
- ~~IN~~ • Emergency Extrication Training Program (Page 715, Item #10)
- ~~•~~ Alternative Certification for Instructors (Page 715, Item #11)

WORKFORCE DEVELOPMENT

Departmentwide

- Eliminate the Division of Workforce Excellence (Page 720, Item #9)

Economic Support and Child Care

- W-2 Community Steering Committees (Page 737, Item #9)
- Study of Transferring Food Stamp Program to DHFS (Page 752, Item #46)
- Delete Obsolete AFDC Provisions (Page 754, Item #50)*

Child Support

- Study of Operating the CR&D System with State Staff (Page 756, Item #3)

bill
try best

69430
check w/ Gabriel
Tech school
bill ask
for this

power grab, assault on local control

END



END

*Every kid
deserves a
Great School!*

UPDATED DRAFT – 3/01/01

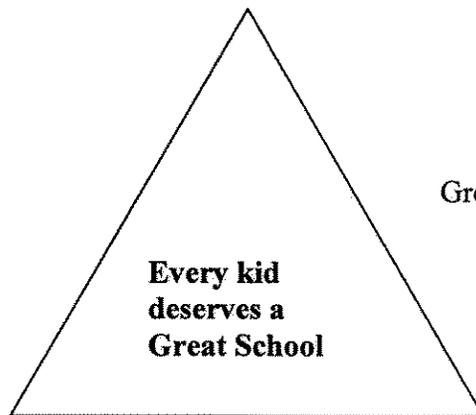
Governor McCallum's 2001-2003 State Budget Puts Great Schools At Risk

Now that Governor Scott McCallum has proposed his 2001-2003 state budget, we know for sure how much is at risk for children and educators in public schools. So just what is at risk? Nothing less than the core elements of WEAC's *Great Schools campaign*: quality, involvement, and support of Wisconsin's public schools.

Governor McCallum's budget does little to place students in classrooms that work, shows no commitment to develop quality staff through collectively bargained approaches and promotes education schemes that will not benefit everyone. Governor McCallum's budget ratchets down even harder on revenue caps, makes dramatic cuts in the SAGE K-3 class size reduction program, grabs authority away from the DPI, expands the scope of the voucher and charter school laws and includes several direct assaults on the bargaining rights of education employees.

Every Kid Deserves a Great School

Great Schools place
students in classrooms
that work



Great Schools depend
on a great staff

Great Schools benefit everyone

Terry Craney, President
Michael A. Butera, Executive Director



Great Schools Place Students in Classrooms That Work

Governor McCallum's budget puts great schools at risk by:

- Dramatically reducing the SAGE K-3 class size reduction program
- Ratcheting down even harder on revenue caps
- Expanding the voucher program in Milwaukee
- Limiting state funding of special education programs
- Freezing aid to the WTCS and diminishing the authority of local boards
- Misusing federal E-rate funds in the TEACH program and charging schools a fee for BadgerLink
- Folding the Education Communications Board into a nonprofit corporation

SAGE Class Size Reduction Program:

There is no better example of a program that makes classrooms work than the Student Achievement Guarantee in Education (SAGE) program, which reduces class sizes in early grades in low-income schools and requires districts to create and implement plans for improving student performance.

Governor's Budget: Dramatically Scales Back the SAGE Program

- Cut funding to at least 370 schools in the SAGE program with less than 50% poverty rates by restricting the program only to kindergarten and first grade in those schools.
- Provide full K-3 SAGE funding only to schools with a 50% or greater poverty rate. It is estimated that somewhere between 115 and 130 schools remain at this level, a majority of which are in the City of Milwaukee.
- Strip the annual SAGE evaluation responsibility away from the UW-Milwaukee and give it to a newly created Board on Education Evaluation and Accountability.

Background: This represents a "gut shot" to the SAGE program. This highly successful program is due to expand to the third grade in all schools based on commitments made by the Legislature. School districts across the state have spent time and effort preparing for the full implementation of their programs. WEAC supports making SAGE permanent through the third grade (Go to OnWEAC for additional information: <http://www.weac.org/Capitol/sagepage.htm>).

Relief from Revenue Caps:

The state-imposed revenue caps, which limit the amount of money school districts are entitled to receive in state aids and property taxes, are keeping many school districts from providing classrooms that work. Districts are being forced to delay spending on necessities such as building maintenance, school security measures and the purchase of computers and other technology. They have also cut or eliminated many other important programs and services for children.

Governor's Budget: Ratchet Down Even Harder on Revenue Caps

- Freeze per-pupil spending cap at \$220.29, eliminating the inflationary adjustment provided in previous years.
- Maintain the current 75% hold harmless declining enrollment relief, but provide no additional relief to declining enrollment districts.
- Allow a modest increase for low-spending districts from \$6,700 to \$6,900 in '03. This is a provision that applies to a limited number of districts across the state.
- Significantly roll back summer school programs by including only 25% of summer school pupil enrollment when calculating revenue caps by the 2003-04 school year. Current law allows for a 40% pupil count allowance. **Note: this reduction in summer school aid is done at the same time the governor allows the Milwaukee charter schools to receive summer school aid.**
- Make other "technical changes" to revenue cap calculations.
- Limit the scheduling of school district referendums to spring and general elections or a comparable date when no fall election is held.

Background: WEAC supports full repeal of the revenue cap law. The budget ratchets down even harder on caps and provides no additional relief for declining enrollment districts throughout Wisconsin (Go to OnWEAC for more information: <http://www.weac.org/Capitol/revcappg.htm>)

Vouchers for Private Schools:

Working classrooms can only be created with adequate resources. The problem with private school voucher programs is that they shift scarce resources from public schools to private schools. And unlike public schools, voucher schools have no accountability for student achievement or use of taxpayer dollars.

Governor's Budget: Voucher Program Expansion, Other Changes

- Expand income eligibility for families under the voucher program from 175% of poverty to 185%. Once enrolled, allow pupils to remain in the voucher program even if their family exceeds the income eligibility threshold.
- Allow voucher schools to voluntarily administer state standardized tests, but prohibit the DPI from releasing test results by school.
- Allow the new Board on Education Evaluation and Accountability to conduct a privately funded long-term evaluation of the voucher program.
- Allow a school that is partially located in the City of Milwaukee to participate in the program (Thomas More Catholic High School).

Background: Expanded eligibility was defeated as part of the last state budget. It is also an insult to public schools to expect that a voluntary testing of voucher schools will amount to accountability in the voucher program (Go to OnWEAC for more information: <http://www.weac.org/Resource/vouchpg.htm>)

State's Share of School Revenues:

As noted above, working classrooms require adequate resources. The state needs to live up to its commitment to fund two-thirds of school revenues.

Governor's Budget: Fund State's Share of Schools

- Maintain 2/3 funding of revenues (\$540 million)
- The bill sets the secondary cost ceiling per pupil at \$6,900 in the '01-02 school year and \$7,000 in the '02-03 school year. Thereafter, the secondary cost ceiling per pupil is the prior year's cost ceiling adjusted for inflation.

Special Education:

The ability of Wisconsin schools to provide classrooms that work is being seriously challenged because of the state's failure to keep its commitment to fund special education. Schools are being forced to choose between special education and regular education.

Governor's Budget: Limited Funds for Special Education and Changes to IEPs

- Establish a "low incidence/high cost" funding for special education programs.
- Provide \$25M over two years to reimburse districts for 50 percent of the cost of serving high cost special-needs students. High cost is defined as \$50,000 or more. Use a "census based" approach for distribution of special education funds. Under the census-based formula, special education aid will be distributed as a fixed rate per pupil payment to each district based on a combination of the district's total and low-income pupils.
- Provide no additional funds for special education categorical aids.
- Prohibit IEP teams from recommending placement of special education children. Under the bill, the LEA is responsible for determining the child's placement.
- Ensure that districts have the "maximum flexibility allowed under federal law" to serve special-needs students.

Background: The DPI's budget request asked for 90 percent funding for low-incidence/high cost special-needs pupils. It will take additional analysis, but the 50 percent offered here is not likely to help many districts. No additional funding for the special education categorical aid will condemn districts to approximately a 31% level of reimbursement from the state for special education costs (Go to OnWEAC for additional information: <http://www.weac.org/Capitol/specedpage.htm>).

Technical Colleges:

The classrooms of the Wisconsin Technical College System (WTCS) are doing an excellent job of preparing people for the new economy of the 21st Century. But WTCS needs new investment in order to maintain its competitive advantage as one of the nation's best.

Governor's Budget: Little Support for the WI Technical College System

- Deny the request from the WTCS for a \$4.8M aid increase in '02 and a \$9.9M aid increase in '03. This freezes the aid for WTCS at the 2000-2001 base level. WTCS had requested that general aids be increased by 4.1% annually.

- Reduce the Capacity Building Grant program level from \$5.0 million GPR in 2000-01 to \$3.0 million GPR in 2001-02 and to \$2.0 million GPR in 2002-03.
- Provide no additional funding for the incentive grant program for statewide marketing and promotion of the WTCS. In addition, require that approval of incentive grant awards be contingent upon State WTCS Board approval of the local district board's entire budget first.

Virtual Campus (E-Tech College) Initiative

- Add \$1.0 million PR-S annually and 3.0 positions to the State WTCS Board to improve access to technical college courses offered over the Internet. The funds would come from the dissolution of the Wisconsin Advanced Telecommunications Foundation's endowment fund.
- Require the State Board to promulgate rules allowing a student enrolled in one district to take a course offered by another district over the Internet without paying additional fees to the district board offering the course.
- The funds provided by the State Board would be used to establish an Internet site that provides information on all courses offered over the Internet by all district boards and to assist district boards in developing Internet courses.
- Offer \$1 Million PR-S in 2001-02 be provided from the WATF endowment fund to support the Wisconsin Advanced Distribution Learning Co-Laboratory, which is a collaborative effort among the UW System, WTCS and Department of Defense to standardize systems for delivering on-line instruction.

Various Other Changes to WTCS Board Powers and Duties

- Give the State WTCS Board authority to direct technical college districts to adopt or eliminate programs of study. The governor proposes statutory language that would require a WTCS district board to offer or eliminate any program or course of study that the WTCS Board directs the district to offer or eliminate. In addition, the budget bill repeals the current law provision that prohibits the State Board from considering any program or course of study for approval that has not been first approved by the district board.
- Allow district boards the authority to employ an instructor who is not certified by the WTCS board if the instructor holds a valid industry certification.
- Allow WTCS district boards to employ an instructor who is not certified by the WTCS Board if the instructor holds a "valid industry certification" that is recognized by the WTCS board.
- Allow any WTCS district to operate charter schools directly or contract for their operation.

Background: A virtual freeze in state aid for the WTCS is unacceptable. The governor proposes no increase or a decrease in funding for categorical aid programs currently administered by the State Board. The freeze in general aid and lack of increase in categorical aids for the WTCS is combined with the standard 5% reduction in the WTCS Board's base budget for state operations, which amounts to a cut of \$172,800 annually. WEAC is part of the WTCS coalition that will fight for fair treatment of our technical college system in this budget (Go to OnWEAC for more information: <http://www.weac.org/Capitol/1999-00/legagen0102/wtcs.htm>)

TEACH Board, BadgerLink and the Educational Communications Board:

The state's Technology for Educational Achievement (TEACH) initiative is designed to provide Wisconsin classrooms with the technology they need to work in the 21st Century. TEACH provides block grants, wiring loans, and technical training and assistance grants to schools and other educational organizations.

Wisconsin has been a national leader in the development of public broadcasting, which provides many educational benefits for state.

Governor's Budget: Modifications to the TEACH Board and Charge Schools for Badgerlink

- Use \$1 Million in federal E-rate funds for a pilot program to train K-12 students as technology support staff for their schools.
- Clarify that Milwaukee charter schools and juvenile detention centers have access to TEACH funding.
- Require school districts to report how they spend annual TEACH grants.
- Require the DPI to charge school districts a fee for the use of BadgerLink, which provides statewide access, through the Internet, to periodical and reference information databases.

Governor's Budget: Elimination of the Educational Communications Board

- Fold the ECB public broadcasting duties into a nonprofit corporation.
- Establish a 20-member transitional board to govern the transfer of services from the ECB and the UW Extension to a nonprofit Educational Broadcasting Corporation.
- If the FEC approves all transfers of licenses, the ECB and the UW-Extension public broadcasting division would transfer to the board and the DOA.
- Existing staff could remain state employees or become employees of the corporation.

Background: Both TEACH and ECB are supported by WEAC. These proposals will need additional research to ascertain the overall impact on the quality of educational telecommunications and technology instruction in schools (Go to OnWEAC for more information: <http://www.weac.org/capitol/1999-00/legagen0102/modernclassrooms.htm>).

Great Schools Depend on a Great Staff

Governor McCallum's budget puts great schools at risk by:

- Expanding alternative certification of teachers
- Giving school boards power to close schools and reassign staff without regard to seniority or bargaining rights
- Allowing subcontracting of educational programs statewide
- Creating a new "pay-for-performance awards" program for schools
- Eliminating the right to bargain the choice of health care provider
- Making establishment of the school calendar a prohibited subject of bargaining
- Redefining the QEO to require that only "substantially similar" benefits be offered.
- Modifying the NBPTS incentive grant program but provide no additional funding
- Diminish DPI's ability to distribute federal funds and place federally funded departmental positions at risk.

"Alternative Certification" of Teachers:

All teachers should receive the training they need to prepare students for the 21st century.

"Alternative certification" means that people who are not properly trained are allowed to teach.

Governor's Budget: Expand Alternative Certification of Teachers

- **Require** DPI to issue licenses to (1) anyone either with a bachelor's degree, five years work experience in the field to be taught or five years service in the United States Armed Forces; and (2) anyone licensed in another state who wants to teach in WI. In addition, allow the State Superintendent to waive licensure requirements for an individual who is requested to teach by a school board.

Background: The WEAC Legislative Agenda calls for the repeal of the alternative licensure statute. This proposal is a dramatic expansion of the law in the wrong direction (Go to OnWEAC for more information: <http://www.weac.org/aboutwea/budgetb.htm>)

"Reforms" That Undermine School Staff:

Allowing school boards to unilaterally make important decisions undermines the quality of the school staff and is a way to circumvent collective bargaining.

Governor's Budget: Give School Boards Power to Close Schools, Reassign Staff Without Regard to Bargaining Rights and Publish List of Low Performing Schools

- Allow school boards to unilaterally close schools they identify as low-performing and reassign staff without regard to seniority.
- Require DPI to publish an annual list of low-performing schools.

Governor's Budget: Subcontracting of Educational Programs

- Authorize school boards to contract with private, nonprofit organizations to offer educational programs to students in the district

Background: These provisions are commonly referred to as the "Fuller reforms" from Milwaukee. It dates back to the 1995 budget when then-MPS superintendent Howard Fuller attempted to privatize MPS operations. These initiatives are expressly anti-union (Go to OnWEAC for more information: <http://www.weac.org/capitol/issues/subk-12.htm>)

"Pay-for-Performance" plans based on student test scores:

As a result of collective bargaining, Wisconsin has teachers who are among the best in the world. Our system of bargaining should not be thrown out the window in favor of some risky scheme that takes power away from the people who know most about education: teachers.

Governor's Budget: Create a Pay-for-Performance Awards Program

- Establish an advisory council to establish criteria for distributing a "school-based improvement awards program." Criteria for program must include student performance on test scores and teacher's knowledge and skills. Initial payments would not begin until 2004.

Background: This initiative is contrary to everything that WEAC's bargaining goals stand for. Innovative programs that enhance compensation must be based in sound collectively bargained approaches that recognize knowledge and skills development (Go to OnWEAC for more information: <http://www.weac.org/BARGAIN/1999-00/sept99/manitowoc.htm>)

Bargaining for Health Care Provider and Changes to Definition of a QEO:

The quality of a school staff is enhanced when the staff is part of decision-making over things such as health care options. And one reason Wisconsin has such high-quality school staff is the fact that it has been involved, through collective bargaining, in decisions over health care.

Governor's Budget: No Longer Bargain Choice of Health Care Provider and change the definition of a QEO regarding provision of health care benefits.

- Eliminate bargaining over choice of health care providers by allowing school districts to choose between providers that offer similar benefit packages.
- Modify a QEO so that it only provide substantially similar health care benefits, not all of the health care benefits.

Background: This initiative has also been introduced in the past. It is also being fueled by a recent Wisconsin Policy Research Institute study on the WEAIT. This right-wing think tank has regularly distributed materials that attack the union (Go to OnWEAC for more information: <http://www.weac.org/news/2000-01/dec00/wpri.htm>)

Establishment of School Calendar in Collective Bargaining:

Another example of collective bargaining leading to high-quality staff is decision-making over school establishment of the school calendar. Having staff involved in discussions relating to the academic calendar is important because educators know best how the calendar impacts student learning.

Governor's Budget: School Start Date Law Changes Including Establishing School Calendar as Prohibited Subject of Bargaining

- Prohibit schools from holding class on the Friday preceding Labor Day.
- Maintain current opt out provision for start date, but allow school boards to hold an opt out public hearing on or after May 1 rather than July 1 to decide to commence the school term prior to September 1.
- Specify that a school board not be required to bargain over the establishment of the school calendar by making it a prohibited subject of bargaining.
- Create a nine-member governor-appointed committee to study start date issues.

Background: WEAC has a firmly established position in support of bargaining the establishment of the school calendar. Educators are the practitioners in the schools and know best how to establish the calendar. Governor McCallum has chosen to include not only changes in the start date, but to also make the establishment of the entire calendar a prohibited subject of bargaining. (Go to OnWEAC for more information: <http://www.weac.org/capitol/issues/schcal.htm>)

NBPTS Certification Incentive Grant Program:

WEAC has been a leader in the effort to maintain high standards among Wisconsin educators by encouraging them to achieve National Board for Professional Teaching Standards (NBPTS) certification.

Governor's Budget: Provide NBPTS Incentives, but no additional funding

- Require DPI to grant a master level license to anyone who achieves certification from NBPTS. Finally, allow non-resident teachers who teach in Wisconsin and who are NBPTS certified to receive grants under the NBPTS incentive program (Go to OnWEAC for more information: <http://www.weac.org/Resource/NBPTS.htm>).

Education Advocates at State Level:

In order to have high-quality staff in the schools, you need people fighting for educators at the state level. And the officials at the Department of Public Instruction (DPI) serve as advocates for education. Plus, many of the DPI employees are WEAC members.

Governor's Budget: Diminish DPI's Ability to Distribute Federal Funds

- Require DPI to release the maximum amount of federal aid to school districts thereby reducing the ability of DPI to target the funding where it is needed.

Background: Many staff positions inside the DPI are partially funded through federal dollars to the extent allowed by federal law. This provision could result in severe position cuts in the department.

Great Schools Benefit Everyone

Governor McCallum's budget puts great schools at risk by:

- Dramatically expanding the charter school law
- Creating a new Board of Education Evaluation and Accountability outside of DPI
- Creating a new Rule Review Commission and a new Bureau of School Improvement
- Creating a new grant program to encourage consolidation of services and districts

Charter Schools:

In order for public schools to benefit everyone, they need to be accountable to the voters through their elected representatives on school boards. That is why WEAC feels so strongly that new charter schools must be instrumentalities of the local school districts and that employees of charter schools must be employees of the district with full bargaining rights.

Governor's Budget: Dramatically Expand Charter School Law

- Create a new "expanded flexibility status" for high-performing schools (defined as performing above average on student performance on test scores, attendance rates). Require these schools to implement site-based management programs. Provide \$1.5 Million under new program for schools and nonprofit organizations to train administrators in decentralized management strategies and provide another \$600,000 for competitive grants to schools for site-based planning. Finally, provide "regulatory flexibility" to schools in program.
- Allow school boards that receive "extended flexibility status" to reassign staff without regard to seniority or bargaining rights.
- Create a new Charter School Loan Fund -- \$1 Million state dollars and \$1 Million federal dollars in '03 for developing charters by school boards.
- Expand chartering authority to UW campuses, technical colleges and CESAs statewide.
- Diminish the authority of DPI to distribute federal funds.

Background: The expanded flexibility status for schools is for "above average" performing schools. That, of course, could mean several hundred schools across the state would be exempt from massive rules and regulations including. WEAC supports a law that keeps charter schools public and part of the school district. This holds charters accountable to the students, parents and taxpayers in communities who elect local boards to run the schools (Go to OnWEAC for more information: <http://www.weac.org/capitol/1998-99/feb99/charter.htm>)

Constitutionally Elected Superintendent to Administer Public Schools:

The power of the Department of Public Instruction and its leader, the state superintendent of Public Instruction, are rooted in the Wisconsin Constitution. And this system of running our public schools has served all Wisconsinites well as we have top-quality schools that produce a well-educated and well-trained populace.

Governor's Budget: Board of Education Evaluation and Accountability

- Provide \$11.8 Million and transfer 15.6 positions out of the DPI to a new governor's appointed board of Education Evaluation and Accountability. The new board will be totally independent of the DPI housed in the Department of Administration. It will administer the WI Student Assessment System, the state's new high school graduation test, the SAGE evaluation and it will conduct any other analyses of the performance of Wisconsin's public schools.

Background: This represents the most serious power grab from DPI since the proposed takeover of the agency in 1995 by Governor Thompson. The DPI immediately expressed legal concerns over this move by McCallum. The 7-0 WI State Supreme Court decision in Craney vs. Thompson clearly established DPI as a constitutionally established agency with powers and duties to govern the public schools in Wisconsin.

Governor's Budget: Create a New Rule Review Commission and a new Bureau of School Improvement

- Create a new 11-member commission to review all DPI rules and identify those that are outmoded and impede innovation. The commission would be made up entirely of governor appointees.
- Require the DPI to reallocate existing staff to create a new Bureau of School Improvement which would include on-site assistance teams of DPI staff and educators to provide assistance to low-performing schools. \$700,000 is provided for release time for educators in the new program.

Background: This is another example of the new governor's power grab. It is not clear under what authority an 11-member board could review DPI rule making decisions.

Governor's Budget: Create a new grant program to promote consolidation of school services and districts:

- Provide \$1 Million in '03 most of which goes to CESAs to consolidate school administrative services. \$50,000 is provided to study district consolidations.
- Authorize the district administrator of a newly consolidated school district, for 60 days after the effective date of the consolidation, to lay off or reassign school district employees without regard to seniority in service.

Additional Budget Analysis Will Follow:

This memo is meant to be a **first glance look** at provisions contained in the budget. This memo will now serve as the basis for future "Budget Briefs" on individual budget items. These briefs will expand our analysis of major issues to include detailed talking points and to further explain what WEAC favors in contrast to what Governor McCallum has proposed.

This summary and the related briefs will also be posted on the WEAC Members Only section of the OnWEAC Website as they are developed. Please feel free to contact Bob Burke, WEAC's Legislative Program Coordinator, at burkeb@weac.org or at 800-362-8034 ext. 254 for additional information on the 2001-2003 biennial state budget.

DRAFT

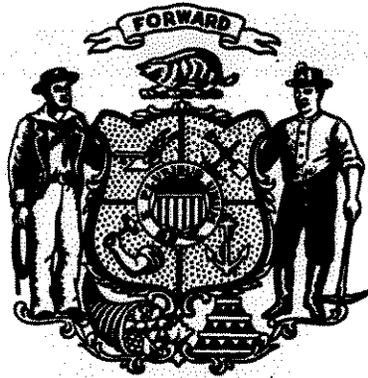
List of Non-fiscal Items to Remove From Budget

Note: This is a partial list of items in Governor McCallum's '01-03 budget that should be extracted as "non-fiscal" policy. It is possible that many more non-fiscal policy items remain but were not detected in this first glance look at the statutory language in the budget bill.

Item Description:	Primary Budget Section:	Budget Page References:
Modify definition of QEO regarding health benefits	Section 2609	Pg. 1111
Prohibited subjects of bargaining; operation of a charter school; decision to close and reopen schools; contracting to provide educational programs	Section 2611	Pg. 1112
Prohibited subject of bargaining; layoff or reassignment of staff.	Section 2612	Pg. 1112
Prohibited subject of bargaining; establishment of school calendar.	Section 2614	Pg. 1113
Prohibited subject of bargaining; Choice of Health Provider	Section 2615	Pg. 1113
"Maximum" Distribution Fed \$ from DPI	Section 2620	Pg. 1115
Requiring DPI to charge a fee for Badgerlink	Section 2621	Pg. 1115
Require DOA and WTCS pre-approval of DPI distance ed rules	Section 2626	Pg. 1117
Repeal range of severity report by IEPs in Special ed	Section 2660	Pg. 1125
Repeal IEP determination of special ed child	Section 2661	Pg. 1125
Redefinition of IEP Teams roles and duties in special ed	Section 2662-2666	Pgs. 1125-1127.
Require WI special ed rules to be identical to federal rules	Section 2672	Pg. 1130
Eliminate bi-lingual requirement for teaching bi-lingual ed	Section 2672	Pg. 1130
Changes to start date public hearings	Section 2679	Pg. 1132
Expansion of alternative teacher licensure; five years experience, five years military but no bachelors degree	Sections 2680, 2684-2688, 2691, 2692,	Pgs. 1132 - 1137
Voluntary voucher school testing; parent opt out, preview of tests; confidentiality of results; fees; prohibition on release of results by school	Sections 2708-2718	Pg. 1142-1146
School districts with Expanded Flexibility provisions	Sections 2720-2721	Pgs. 1146-1150

UW, WTCS, CESA authorize Charters	Section 2723	Pg. 1150
Conversion of charters as non-instrumentalities in MPS	Section 2726	Pg. 1151
Repeal of Legislative audit oversight of charter schools	Section 2727	Pg. 1151
School closing authority for school boards and administrators	Section 2745	Pg. 1156
Voucher boundary expansion - Thomas More Bill	Section 2746	Pg. 1156
Various changes to voucher program; eligibility criteria at 185% of poverty, notification process, appeals process, procedures for pupil counts, "once you are in you are in", listing of eligible schools.	Sections 2747-2753	Pgs. 1156-1158
School board subcontracting for education programs	Section 2754	Pg. 1158
Scheduling of school referendum	Section 2756-2758	Pg. 1159-60
Repeal of 120.06 (5) check reference	Section 2759	Pg. 1161
Expanded authority for school boards to extend school hours	Section 2760	Pg. 1161
Charter authority and conversion of private schools	Section 2765	Pg. 1162
Repeal of 121.105 (2) check reference	Section 2771	Pg. 1164
Administration of aid to operators of charter schools	Sections 2733-2774	Pg. 1164
Mandatory Friday Before Labor Day		
Gov's Start Date Study Committee		
Scheduling Referendum		
Commission to Review DPI Rules		
Require Vocational Education Coordination required between DPI and WBLB		

END



END

Swiderski, Julie

From: Mary Czech-Mrochinski [mary.czech@marquette.edu]
Sent: Tuesday, April 17, 2001 4:27 PM
To: Swiderski, Julie
Subject: Re: RE: Marquette University's Budget Priorities

Julie:

I was afraid I was too thorough and insensitive in not asking how Alex's first (and second) plane rides went—but I wanted to be "professional"—please forgive my rudeness.

The governor maintained our \$2,860,500 in his budget and did not go with DHFS recommendation. I merely wanted to warn you that we would be strongly against any motion to take this money. As I said, losing that money, which represents about 18 percent of the School of Dentistry's operating budget would place us in jeopardy.

In terms of the Capitation Contract with HEAB, this too was untouched, maintaining the current appropriation of \$1.167 million annually for 100 Wisconsin resident dental students. Although, I can tell you that on July 21, 2000 the Higher Educational Aids Board on a vote of 7-3 voted in favor of the same recommendation as the Dental Access Committee to have the governor include it as part of his budget "should money be made available"—it was included with their supplemental budget. Secretary Jane Hojan-Clark has been quite supportive of the proposal but explained that she needed to stick to the strict 0 and 1 percent increase.

The base and the governor's budget recommendations are the same for these two existing contracts. Obviously the \$10 million for Canal Street is a new appropriation.

Thank you for your help!

Mary

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

From: "Swiderski, Julie" <Julie.Swiderski@legis.state.wi.us>
Date: Tuesday, April 17, 2001 3:16 pm
Subject: RE: Marquette University's Budget Priorities

Wow, so thorough. Thank you. And, what great timing. I was just going to call you.

With respect to the DHFS money, is the agency recommendation included in the governor's bill? If so, where is it?

Also, for Marquette's budget does it matter if we work off of the base or bill?

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

From: Mary Czech-Mrochinski
[mailto:mary.czech@marquette.edu]
Sent: Tuesday, April 17, 2001 3:10 PM
To: Julie.Swiderski@legis.state.wi.us
Subject: Marquette University's Budget Priorities

Julie:

As you advised I am providing you with all of the items that Marquette University is concerned with at present with respect to the state budget. Any assistance Senator Burke can provide would be greatly appreciated.

We realize it is a tight budget and is likely to get even tighter when the new revenue projects come out later this month. We too have to balance our budget at Marquette so we understand the struggle the State is going through. We are grateful for Senator Burke's help in the past and our thankful that he continues to be such a supportive alumnus. Please know that we do not take his efforts for granted (nor those of his staff).

Please note that the following persons will be at the hearing at Washington High School this Friday—if it is possible to have them testify early this would also be greatly appreciated:

Mr. Dan Goyette, Director, Student Financial Aid, Marquette University
Students receiving the Wisconsin Tuition Grant:
Mr. Jason Carter
Ms. Rania Hamad
Mr. Timothy Kusik
Mrs. Bridget White-Robinson

I have requested that testimony be brief. It is also my understanding from David Dies that a Christina Lien from Carroll College and Ben Dobner and Patrick Coffey of MSOE will be coming to testify regarding the Wisconsin Tuition Grant as well.

Marquette University School of Dentistry
- Maintain the \$2,860,500 annually in the Governor's budget for the Clinical Contract with DHFS (You may recall that DHFS' budget request attempted to take a significant portion of these funds to create a loan forgiveness program). This funding is critical to the dental school, as the school currently does not break even. Elimination of

these funds would jeopardize the school. This program is audited by the State and to date every audit has been favorable.

- As a member of the Coalition formed to support the passage of the legislation recommended by the Special Study Committee on Dental Access we support both the fiscal and non-fiscal legislation.

The specific parts of this bill that will impact the School of Dentistry include increasing the number of Wisconsin resident dental students eligible under the "Capitation Contract" with the Higher Educational Aids Board from 100 to a maximum of 160 (this would gradually be phased in over a four year period, increasing by 15 students per year. Thus the number of residents eligible would increase from 25 to 40 per class. Note this will mean half the class will be Wisconsin residents). The Committee also recommended increasing the dollar amount of the subsidy from \$11,670 to \$15,000. In 1994-95, when the dollar amount was last changed, \$11,670 represented approximately 50 percent of tuition for Wisconsin residents. Next year the out-of-state tuition at the School of Dentistry will be \$32,240 thus an increase of \$15,000 would make this approximately 46.5 percent of the cost of tuition (Tuition for in-state residents based on the current capitation contract will be \$20,570-- the current \$11,670 tuition subsidy will be equal to 36.2 percent of tuition next year). It is my understanding that some students from the School of Dentistry will be writing letters to Joint Finance members. Most legislators on Finance seems supportive of this proposal with the exceptions of Welch (why do we need to subsidize these guys anyway?) and Duff (not anti-Capitation Contract but would a loan-forgiveness program be better?)

The non-fiscal bill also includes the creation of an educational dental license contingent upon employment at Marquette. I will

warn you that
neither John Gard nor the Dental Examining Board is fond of
this provision
in its current form.

Marquette Interchange
-Maintain the 13th Street exit ramp.

Canal Street
-Maintain the \$10 million provided in the Governor's budget
for the
development of the Valley.

I should note that the City of Milwaukee will likely be
contacting you,
if they already have not, to find additional funding for
this project.

Wisconsin Tuition Grant
Fr. Wild will be the incoming Chair of the Wisconsin
Association of
Independent Colleges and Universities (WAICU).

-WAICU member schools are hoping that at a minimum the
Wisconsin Tuition
Grant could be increased to keep pace with the average WAICU
school
tuition increase of 5.5 percent. Ideally, WAICU member
schools seek to
keep pace with increases in tuition of the UW System
schools.

In general, members of Finance or their staff seem
supportive of these
issues but certainly state that there is no money. We
understand this
and that everyone must play their cards tight at the moment.

Julie, thank you for your help in this matter, if you need
additional
information regarding any of these proposals please do not
hesitate to
contact me.

Mary

END



END

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Date 4-19-01

Number of pages 5 (including cover page)

to: Name Brian Burke

from: Name Milwaukee AHEC

Company _____

Company Darryl Pendleton

Telephone _____

Telephone 414-226-2432

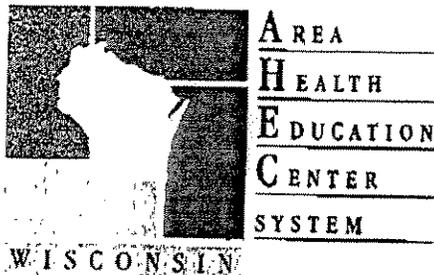
Fax 608-267-0274

Pager 414-601-0221

Comments

I have enclosed information regarding the Wisconsin AHEC. I will be at the hearing in Milwaukee on Friday April 20, to answer your questions. Feel free to call me at ~~414-226-2432~~ 414-226-2432, next week or page me at 414-601-0221 if you have questions.

More than 1,000 locations worldwide. For the location nearest you, call 1-800-2-KINKOS. Visit our Web site at www.kinkos.com.



March 19, 2001

TO: Members of the Wisconsin State Legislature, Joint Committee on Finance

FROM: Wisconsin Area Health Education Center (AHEC) System

RE: Wisconsin AHEC System request for \$1.5 million annual appropriation for the 2001-03 biennium

In the last biennial budget cycle (1999-2001) the legislature approved an annual appropriation of \$1.5 million for the operation of the Area Health Education Center System in Wisconsin. We were most gratified to receive this vote of confidence from the legislature for our programs. Unfortunately, Governor Thompson used his line item veto to reduce the amount by \$350,000, to \$1,154,000 annually. Governor McCallum's budget proposes an annual appropriation for AHEC of \$1,158,200 for the 2001-03 biennium. AHEC is requesting an increase of \$341,800 over the governor's proposal, for a total annual appropriation of \$1.5 million for the 2001-03 biennium.

AHEC's federal funding for core programming (\$2.26 million at its peak in FY97) ended on September 30, 1999. The federal AHEC program expects the states to maintain their AHECs after federal core funding ends, but Wisconsin AHEC did not expect state funding to completely replace the federal dollars. We did expect a base level of state funding that would enable us to

- maintain our statewide program office and four regional centers,
- retain staff adequate to ensure a minimal level of continuing programming in each region,
- provide support for several targeted statewide initiatives, and
- provide an organizational base adequate for seeking additional public and private grant funds targeted at new projects to improve the delivery of health care in Wisconsin's communities.

Milwaukee Area Health Education Center, Inc. (MAHEC)
 2220 East North Avenue
 Milwaukee, WI 53202
 (414) 226-2432 • FAX: (414) 226-2433

UW Medical School-WI AHEC System, Inc.
 1300 University Ave./203 Bradley Memorial
 Madison, WI 53706
 (608) 263-1712 • FAX (608) 263-5995

The AHEC System Board calculated that an annual appropriation of \$1.5 million was the minimum amount needed in continuing state support to be able to meet these goals. With a lower appropriation, we feared that we would have to close one of the regional Centers. However, because we had the final three months of federal core support remaining in state fiscal year 2000, we were able to maintain all four Centers in FY00 and initiate some new statewide programs even with the \$350,000 reduction resulting from the Governor's line item veto. In FY01, however, we have had to eliminate some of our statewide project funding, reduce regional programming and hold key staff positions vacant in order to cover a full twelve months of operating costs for our Centers. If the AHEC appropriation remains at the current level, we will have to revisit the question of either closing a Center or eliminating statewide projects. To enable the AHEC System to continue to address, on a regional level and through statewide initiatives, the problems of access to quality health care in our underserved communities, we are looking to the legislature to restore the full \$1.5 million annual appropriation requested by AHEC.

The Wisconsin AHEC System works to improve the supply, distribution and quality of health care professionals in Wisconsin, thereby improving access to health care in the state's rural and underserved areas. During the 1999-01 biennium, regional programming has focused on four key program areas:

1. Enhancing the learning experience for all health professions students at community-based sites, with an emphasis on interdisciplinary programs, developing cultural competence and technology support.
2. Supporting health careers recruitment programs in underserved rural and urban areas, to assist high school and college students from underrepresented populations prepare for entry into health professions schools.
3. Supporting faculty mentors and preceptors at community-based training sites with continuing education, technology support and other services to enhance the practice environment and maximize the ability of health professionals in underserved communities to provide high quality health care.
4. Partnering with local organizations for outreach activities to improve the health of the community.

In each of these program areas, the regional Centers provide the network to bring together the resources of our academic, community and employer partners in a collaborative effort to improve access and quality of health care in Wisconsin's communities. Overall, during the first year of the current biennium (July 1999-June 2000), AHEC Centers supported or enhanced community-based training opportunities at 239 community-based sites for over 1500 health

professions students (including medical students and medical residents, and students in dentistry, nursing and nurse practitioner, pharmacy, physician assistant, allied health, social work and dental hygiene programs). Health careers programming included large group informational sessions to K-12 audiences reaching approximately 4600 students, 425 K-12 staff and 42 high schools, including 36 high schools in underserved areas. In addition, Centers provided support, encouragement and enrichment programming for 143 college students, 177 high school students and 354 elementary and middle school students from minority or underserved populations who are interested in health careers. Centers also sponsored continuing education programs reaching over 2000 providers. Eight of these programs were offered via distance technology. Approximately 1500 people attended AHEC-sponsored conferences and health education programs for the general public. The attached pages provide additional detail about the activities of each Center in 1999-2000 and the communities affected in each region.

In December 1999, the AHEC Board identified four areas for statewide initiatives. These are areas where the Board determined that AHEC was uniquely able to bring together partners and resources to focus attention statewide on several areas of need:

- Oral Health/Access to Dental Care
- Telecommunications Access Initiatives
- Innovative Partnerships with Local Health Departments
- Health Care Workforce Development

The Oral Health Initiative addresses Wisconsin's problems providing adequate access to dental care for all its residents. Through this initiative, AHEC has worked to facilitate training more dental students at sites in underserved areas through site development and a tele-dentistry program. The program also includes a symposium to introduce students to Medicaid programs and development of an outreach plan to address the barriers Medicaid recipients face in accessing dental care. In addition, an oral health website is being developed for use by K-12 students. A variety of regional initiatives also address Wisconsin's dental care crisis.

The Telecommunications Access Initiative seeks to expand Internet access and videoconferencing capability at various training sites to enable programs to continue to place students in community sites while assuring consistency in the educational program for all students. The broad goal of the initiative is to create a community of learning that overcomes barriers of distance and allows core curriculum and teacher/learner consultation to be available at

community-based clinical training sites everywhere in Wisconsin.

Work began on the Innovative Partnerships with Local Health Departments Initiative following a joint conference with local health departments and the Division of Public Health in October 1999, as we began to pursue several areas of collaboration. One of the most exciting outcomes was the initiation of the *Community Health Internship Program*, a summer program matching students with county health departments for service-learning projects. The first program was developed in summer 2000 by Milwaukee AHEC in partnership with the UW Medical School- Milwaukee Clinical Campus and the City of Milwaukee Health Department. Students participated in field work, clinical shadowing opportunities, lectures and presentations by medical personnel. This program provided the health department with assistance in several important projects while students gained valuable experience. Plans for 2000-2001 projects with local health departments focus on building on the success of the Milwaukee summer intern program by providing continuing support for that program and facilitating development of similar programs in other regions.

The Wisconsin AHEC system has traditionally focused its activities on development of Wisconsin's primary care physician, physician assistant, pharmacist, dentist and advanced practice nursing workforce. The Health Care Workforce Development Initiative was designed to take a broader focus on emerging needs for bachelors-prepared nurses, personal care and long term care workers, and public health and allied health professionals. Our goal is to develop Wisconsin's healthcare workforce at all levels so that it

- is sufficient in number and training to provide high quality care in all areas of the state
- is distributed so that it meets the needs of individual communities, institutional settings, and larger geographic areas that are currently underserved,
- reflects the diversity of the state's population, and
- is skilled at meeting the needs of patients from various cultural backgrounds.

AHEC's October 2000 conference *Developing Wisconsin's Health Care Workforce* provided participants with an overview of Wisconsin's current health care workforce, health status indicators and emerging health needs; current workforce planning effort and innovative strategies for addressing recruitment, retention, diversity and distribution of the health care workforce. To begin to address these issues, AHEC embarked on several new programs, including organization of the *Health Careers Consortium*, a group of health careers professionals who work to develop better outreach programs to the schools; and co-sponsorship of the *Health Care Workforce Coalition* which works with various government, employer and professional groups, including the Wisconsin Hospital Association, the Wisconsin Nurses Association, the Department of Workforce Development, the Governor's Work-Based Learning

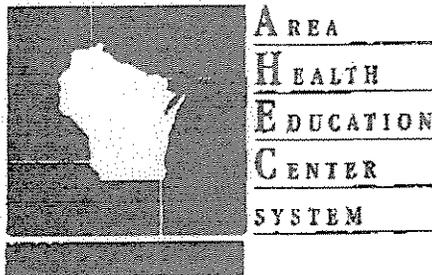
Board and the Department of Public Instruction to develop broader support for health professions programming in the schools, articulation of career opportunities for health care workers, and a forum for discussion of policy issues affecting development of an adequate health care workforce for Wisconsin. The activities of these groups are outlined in more detail in the attached materials.

There is still much work to be done in all these areas. With a full budget of \$1.5 million, we plan to continue our commitment to new programming focused on these four initiatives. Without it, AHEC's ability to continue to develop innovative programs to improve the distribution, supply, quality, utilization and efficiency of health personnel in underserved communities will be seriously compromised.

Attachments:

- Wisconsin AHEC Contacts
- Map of Wisconsin AHEC Regions
- Wisconsin AHEC System Board of Directors
- Wisconsin AHEC Organizational Chart
- 1999-2000 Program Year Summary of Accomplishments

cc: Members of the Legislature
Dept. of Administration Budget Office staff
Legislative Fiscal Bureau staff



Wisconsin AHEC System

The Area Health Education Center (AHEC) program is a national program, begun in 1970, for improving the accessibility and quality of primary health care. The program was designed to encourage universities and educators to look beyond the institutions to partnerships that meet community health needs, working toward the goal of decentralizing health professions training and linking communities with academic health centers in partnerships that promote cooperative solutions to local health problems.

Development of the AHEC program in Wisconsin started with a small state grant in 1990. The program received federal core AHEC funding from 1991-1999. It is now supported through an allocation in the State of Wisconsin budget, smaller federal and private foundation grants and membership and services fees, as well as the substantial contributions of its academic and community partners in developing and maintaining community sites.

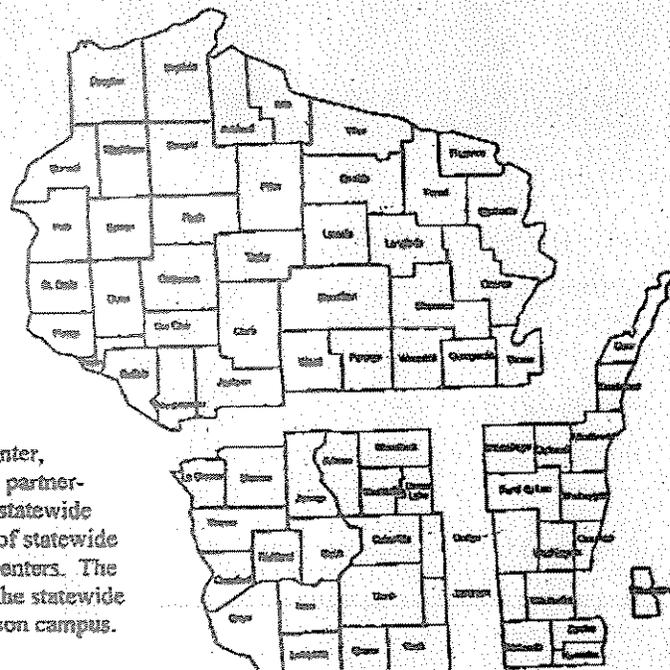
The Wisconsin AHEC System works to improve the supply, distribution and quality of health care professionals in Wisconsin, thereby improving access to health care in the state's rural and urban underserved areas. Program areas include the following:

- Enhancing the learning experience for all health professions students at community-based sites, with an emphasis on interdisciplinary programs, developing cultural competence, and technology support
- Supporting health careers recruitment programs in underserved rural and urban areas, to assist high school and college students from underrepresented populations prepare for entry into health professions schools
- Supporting faculty mentors and preceptors at community-based training sites with continuing education, technology support and other services to enhance the practice environment and maximize the ability of health professionals in underserved communities to provide high quality health care
- Partnering with local organizations in a variety of outreach activities to improve the health of the community.

The Wisconsin AHEC System has established four regional, private, not-for-profit AHEC corporations to insure community representation in decision-making regarding AHEC programs. The community boards of these regional corporations allow the AHEC System to be cognizant of and responsive to community needs.

Each of the four regional centers is an independent not-for-profit corporation, separate from the medical school, and has a designated geographic area. The four regional centers cover the entire geographic area of Wisconsin. Each regional center has a center director working at least 75 percent time. In addition to the Executive Director, each AHEC employs a support staff, usually including an education coordinator. To insure community representation in decision-making regarding AHEC programs, each center has a community board comprised of health professionals, community representatives, and consumers in the regions served by the community-based AHECs. Board representation and input allows Centers to respond to community identified needs. The boards meet quarterly and keep minutes of all proceedings. In 1998 the four regional centers approved by-laws to create a statewide organization, with representation from each center, the academic partners and state and community organizations. In partnership with the UW Medical School, the Board of Directors of this statewide organization, Wisconsin AHEC System, Inc., provides oversight of statewide AHEC activities, including distribution of funds to the regional centers. The UW Medical School provides space and administrative staff for the statewide program office at the Medical School facilities on the UW-Madison campus.

(over)



Each AHEC conducts programs in conjunction with various health professions schools. Centers not only partner with schools within their geographic region, but also draw on the disciplines of health care professionals best suited to meet the health care needs of the communities the centers are serving. In conjunction with each of these schools, centers have created or supported over 50 AHEC sites where health professions students are trained. These sites include migrant and community health centers, health care for the homeless projects, rural health clinics, managed care organizations, as well as other public and private community-based clinics, and hospitals that serve rural and urban underserved populations. Many of these sites allow students to participate in other settings such as an AIDS support network, an Alzheimer's center, a WIC program, or an immunization clinic, among others.

In addition to developing these opportunities for community-based training for health professions students, Wisconsin AHEC has also developed health careers programs to assist high school and college students from underrepresented populations prepare for entry in health professions schools, facilitated continuing education programs for health care providers to maximize the ability of health professionals in underserved communities to provide high quality health care, provided programs to improve access to computer-based health information resources, and developed other programs to enhance the practice environment in underserved areas.

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Wisconsin AHEC System

Summary of Accomplishments

1999-2000 Program Year

Program Area	Accomplishments
<p>1. Enhancing the learning experience for all health professions students at community-based sites, with an emphasis on interdisciplinary programs, developing cultural competence and technology support</p>	<p><u>Development of Community-Based Training Sites and Curricula</u></p> <ul style="list-style-type: none"> • total of 239 community-based training sites now active, serving over 1500 health professions students <p><u>Interdisciplinary training experiences</u></p> <ul style="list-style-type: none"> • new curriculum developed at two sites in Milwaukee area • updated interdisciplinary program offered to 16 students at 10 sites in northwestern Wisconsin • rural health care delivery course developed for pre-professionals in southwest Wisconsin region • explored possibilities with three potential partners in northeast Wisconsin. • developed interdisciplinary potential of dental hygiene program in school-based clinics in Green Bay <p><u>Programs extending student's competence in providing care to diverse populations</u></p> <ul style="list-style-type: none"> • new curriculum developed at 2 sites in Milwaukee area • 60 community cultural rounds presentations • one conference on health care in the urban setting with 260 attendees • site development and design of 3 year community curriculum for family practice residents in Elkhorn • two-day cultural immersion experience with Native American and Hmong communities for 35 health professionals in the Northern region • new training opportunity for residents at a Migrant Health Center in the Southwest region • the <i>Wisconsin Express</i> program provided summer experience for 25 students at sites throughout the state • AHEC's academic calendar for health professions students provided expanded health data and information on Wisconsin's underserved communities <p><u>Services for access to Internet, telehealth and distance education resources</u></p> <ul style="list-style-type: none"> • three new web-based courses/information sites developed • developed teledental resources for use by 260 dental students • Internet health information search skills workshops provided to over 350 providers and staff • developed infrastructure for distance education case conferences for rural residency training programs • developed WATF grant proposal for funding additional equipment • funded development of 7 courses for nurse practitioner distance education program

<p>2. Supporting health careers recruitment programs in underserved rural and urban areas, to assist high school and college students from underrepresented populations prepare for entry into health professions schools</p>	<p><u>Outreach efforts to recruit minority students and students from underserved communities</u></p> <ul style="list-style-type: none"> • increased health careers activities, continuing education for minority providers and community-based training in the Milwaukee region • increased capacity for recruitment and retention statewide by providing support for health professions student organizations • provided staff and organizational support for the WisTREC program, which provides training opportunities for health professionals in underserved communities who wish to pursue nurse practitioner, physician assistant or nurse midwife training while maintaining their current employment <p><u>Intensive programs for pre-college and college students, including summer programs</u></p> <ul style="list-style-type: none"> • summer programs in Milwaukee, Kenosha, Madison and Wausau provided opportunities for approximately 50 minority students • test prep (GRE, DAT, MCAT and SAT/ACT) courses provided for 43 students <p><u>Health career awareness activities</u></p> <ul style="list-style-type: none"> • health careers programming reached 200 grade school students, 1750 high school students and 500 college students statewide • see Healthcare Workforce Development initiative (5d.) below for more information
<p>3. Supporting faculty mentors and preceptors at community-based training sites with continuing education, technology support and other services to enhance the practice environment and maximize the ability of health professionals in underserved communities to provide high quality health care</p>	<p><u>Regional faculty development workshops</u></p> <ul style="list-style-type: none"> • Milwaukee: Community Cultural Rounds (2000 participants), urban health conference (260 participants), dental preceptor training, physical therapy preceptor training (37 participants). • Northern: seven workshops on building information search skills conducted for 77 providers. • Southwest: training program for 53 providers on health care issues in agricultural populations. • Eastern: funding provided for development of medical student, resident and physician assistant preceptors in Door County • Statewide: workshops on mentoring for cultural competence; preceptor development workshops for family medicine and physician assistant community faculty <p><u>Telecommunications and library resources support for rural providers</u></p> <ul style="list-style-type: none"> • training in accessing health information via the Internet provided for 45 public health nurses in the Eastern region • three train-the-trainer workshops presented in three different communities in the Northern region to teach health information Internet searching skills • Internet health information search training to 12 sites and 285 individuals in the Southwest region. <p><u>Innovative faculty and student projects to develop interdisciplinary and cultural competence curricula and experiences and web-based distance learning projects</u></p> <ul style="list-style-type: none"> • nine new projects <p><u>Wisconsin Rural Training Track Study Group</u></p> <ul style="list-style-type: none"> • held two statewide WRTTSG meetings, developed RTT website for more effective student recruitment and supported travel for faculty to national meetings.

<p>4. Partnering with local organizations for outreach activities to improve the health of the community</p>	<p><u>Eastern:</u></p> <ul style="list-style-type: none"> • prenatal care program for uninsured women in Kenosha county • presentations by medical residents to Fox Valley community groups and schools • development of school-based health services in Fond du Lac, Two Rivers and Green Bay • community outreach health clinic in Menomonee Falls • health education at diabetes clinic in Calumet County • development of Women's Area Health Connection in Ripon • Sexual Assault Nurse Examiner training program in southeast Wisconsin • health education program for Hilbert area families and community members <p><u>Milwaukee:</u></p> <ul style="list-style-type: none"> • Community Cultural Rounds presentations • oral health promotion • minority health promotion and publicity campaign • community health summer internship program • Internet resources for diet and nutrition • tobacco prevention activities • urban health conference • physical therapy preceptor training • dental preceptor training <p><u>Northern:</u></p> <ul style="list-style-type: none"> • "Telehealth Network Support Group" project provided 3 group meetings via distance for 77 facilitators and community members • two day cultural immersion experience with Native American and Hmong communities for 35 providers • assisted with downlink of APHA annual conference at 6 sites for 31 providers maintained Northern AHEC listserv and continuing education web page, providing notices for 163 training and education programs • SSD/AHEC "Building Skills" workshops provided for 250 health providers • organized two Women's Health Conferences attended by over 650 women <p><u>Southwest:</u></p> <ul style="list-style-type: none"> • training in assessment and management of adolescents who abuse alcohol, tobacco, and other drugs provided to 36 medical residents • funding provided to develop a nursing care delivery model for health promotion and prevention presented to 230 practicing health professionals and preceptors • a new, student-run clinic was started at a community-based site for homeless adolescents • funding was provided to a program providing 18 medical students with leadership training and support to carry out innovative community service projects • funding provided to develop a nursing care delivery model for health promotion and prevention presented to 230 practicing health professionals • a training program was held for 53 providers in a three-county agricultural area around agriculture-related health needs • provided on-site and hands-on Internet health information search training at 12 sites to 285 participants.
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<p>5a. Special Statewide Initiatives: <u>Oral Health</u></p>	<p>AHEC's Dental Initiative has been developed and implemented primarily by Milwaukee AHEC in partnership with Marquette Dental School. Components of this statewide program include:</p> <ul style="list-style-type: none"> • A Medicaid Symposium is scheduled for the spring of 2001; the symposium will introduce students to Medicaid programs. • An Oral Health Website is being developed with the Wisconsin Teachers Association. • Externship Preceptor Conference – a training workshop for dentists interested in serving as preceptors • Tele-Dentistry Initiative – currently 3 sites are being established. Additional state and federal support will be sought to expand the project to include additional sites • DHFS Medicaid Mandate – the DHFS has been directed to develop an education and outreach plan addressing the educational barriers Medicaid recipients face in accessing dental care • National Health Service Corps (NHSC) Scholarship – one student has been accepted for the scholarship, and will serve as an ambassador to help recruit future students for the NHSC scholarship <p>Other initiatives in the AHEC regions include:</p> <ul style="list-style-type: none"> • a proposal for a new dental residency program in an underserved area in southwest WI • a proposal for a new dental clinic where an estimated 24 dental hygienist students per year will provide care for Medicaid and other underserved patients in southwest WI. • addition of a dental hygiene preceptor supervising students in two Family Resource Centers in the Green Bay school system.
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<p>5b. Special Statewide Initiatives: <u>Telecommunication</u> <u>Access for Training Sites</u></p>	<p>Under this initiative, funding was provided for enhanced Internet access for students and residents at family medicine training sites throughout Wisconsin. Computers and network hardware, as well as support for a dial-in modem pool were provided at a variety of clinic sites (including Belleville, Verona, Wausau, Eau Claire, Richland Center, Monroe, Baraboo and Appleton) enhancing existing resources and enabling residents and students dial-in access for email, web and library resources. New routers purchased for DFM clinics in Belleville, Verona, Wausau and Eau Claire will allow Family Medicine to upgrade their network connections to frame relay T1 speeds (12 times faster than current connections). This will also enable them to deploy video over the network as part of the soon to begin WATF grant written by DFM, AHEC and UW Med School Academic Affairs.</p> <p>The WATF grant will use the DFM statewide digital network to conduct medical education and training via video, the web and email. Targeted users include medical students, medical residents, and faculty. The broad goals of the project are to create a community of learning that overcomes the barriers of distance and allows core curriculum and teacher/learner consultation to be available everywhere in Wisconsin. The intent is to serve as a model for distance learning that can be used by other health professions such as nursing and pharmacy, and that will be of on-going use for continuing education of health professionals. The project's technology core consists of a new video technology from Cisco called IP-TV which uses standard Internet protocols to broadcast video to use PC's, the use of personal videoconferencing products such as Microsoft NetMeeting to connect individual teachers and learners, and a dial-in modem pool with a 1-800 number for statewide access to the electronic resources of the UW-Madison regardless of user location.</p> <p>See also Teledental project, in (5a), above.</p>
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5c.

**Special Statewide
Initiatives:
Innovative Partnerships
with Local Health
Departments**

Work on this initiative began with the *October 1999 Wisconsin AHEC annual conference, "Promoting Healthier Communities in Wisconsin,"* a joint meeting with Wisconsin Division of Public Health attended by 150 people. A number of formal and informal partnerships developed from this meeting.

A follow-up meeting was held in February 2000 at which participants agreed on several areas where AHEC/DPH collaborations would be most fruitful:

- Conference facilitation,
- Development of community service learning experiences for health careers students, in partnership with local public health agencies,
- Continuing education for health care professionals, including public health workforce in the areas of cultural competence, population health, epidemiology and evidence-based practice,
- Expansion of distance education opportunities for practicing professionals, and
- Recruitment of young people and adults into the health professions workforce.

AHEC supported a variety of projects under this initiative, solicited through a call for proposals, including:

Community Health Internship Program

This summer program matches students with county health departments for service-learning projects. The first program was developed in summer 2000 by Milwaukee AHEC in partnership with the UW Medical School- Milwaukee Clinical Campus and the City of Milwaukee Health Dept. Students participated in field work, clinical shadowing opportunities, lectures and presentations by medical personnel. Funding provided stipends to the student interns and supplies necessary for their projects. Twelve students did projects mentored by 6 health department personnel and health professions faculty.

Community Health Internship projects included:

- EMPACT Beach Health Water Project
- Internet Intervention for Low Fat Diet & Physical Activity in Middle School Students
- Data Compilation for Healthiest Milwaukee Data Indicators Set
- Attitudes of Dental Providers and Dental Care Toward HIV/AIDS Patients
- High Risk Diabetic Patients: Assisting with the Monitoring and Education of High Risk Diabetic Patients
- Sexuality Transmitted Disease in HIV Positive Women: Establishing a Patient Education Module
- Issues in Geriatric Medicine: Monitoring Falls in an Elderly Population
- Investigating Women's Health Issues: The Workings of a Nurse Midwifery Center in an Urban Setting
- Investigating the Different E. Coli Bacteria Strains in the Milwaukee Area Water

Rural Health and Aging: Expansion of Health Care Services to Underserved Older Adults in Waushara County

This project is a collaboration between the Waushara County Health Department and UW-Oshkosh College of Nursing. The immediate objectives are (1) to provide intensive experience for senior nursing students in a rural setting, (2) to respond to the health needs of rural, isolated elderly persons, residing in low-income or trailer housing, and (3) to initiate recruitment efforts to educate and help attract future health professionals to practice in rural areas. Successful completion of the project will result in casefinding and continuity of health service to low income, socially isolated and medically underserved rural elderly.

<p>5c. (continued) Special Statewide Initiatives: <u>Innovative Partnerships with Local Health Departments</u></p>	<p><i>Extension of Health Services to Underserved Communities by Senior Nursing Students</i> This project is a partnership with Winnebago and Waushara County Health Departments to provide 2 UW Oshkosh nursing students with an 8-week summer externship and to establish clinical projects for 50-60 nursing students/semester during the academic year. Students will participate in assessment and prevention services by going into schools, clinics, homes, neighborhood groups, homeless shelters and numerous other community sites where they would work directly with community members. The implementation of the projects by nursing students will extend the resources of the health department to better meet the health care needs of underserved populations.</p> <p><i>Caring, Inc.: A Partnership for Public Health</i> This project is a partnership between the LaCrosse County Health Department and Viterbo College School of Nursing. It is based on a community-building model, working with the people of a community to build their capacity. The purpose of the project is to 1) strengthen the public health nursing practice component of the nursing curriculum; 2) provide accessible health promotion/education services to a medically underserved population; and 3) establish an ongoing partnership between the School of Nursing, the La Crosse County Health Department and the Salvation Army. It will result in an innovative learning experience for student nurses; a Health Resource Center where clients can receive health education, screening, follow-up and referral; and an academic-community partnership with multiple formal and informal linkages within the community. This project will establish a new clinical site and provide all senior nursing students at Viterbo (70-80 students) with the opportunity to rotate through the Salvation Army Health Resource Center. Students will have a public health nurse preceptor and work collaboratively to provide health promotion and health education services to a vulnerable population.</p> <p><i>Collaborative Interdisciplinary Discussion Groups on Hmong Culture</i> The focus of this project, a partnership between the UW Eau Claire, the Hmong Mutual Assistance Association and the Eau Claire City/County Health Department, is on improving the health of Hmong clients through increasing the knowledge of health providers. Health professions involved included physicians, nurses, counselors, social workers, psychologists, dietitians, health educators and others. Leaders will be recruited from the first group to lead collaborative research discussion groups in another larger, managed health care agency. This pilot project provided the foundation for a grant proposal to the Agency for Health Care Policy Research to provide for continued funding.</p>
<p>5d. Special Statewide Initiatives: <u>Healthcare Workforce Development</u></p>	<p>The Wisconsin AHEC system has traditionally focused its activities on development of Wisconsin's primary care physician, physician assistant, pharmacist, dentist and advanced practice nursing workforce (see item #2, above). This initiative was designed to take a broader focus on emerging needs for bachelors-prepared nurses, personal care and long term care workers, and public health and allied health professionals at all levels. Our goal is to develop Wisconsin's healthcare workforce at all levels so that it</p> <ul style="list-style-type: none"> • is sufficient in number and training to provide high quality care in all areas of the state • is distributed so that it meets the needs of individual communities, institutional settings and larger geographic areas that are currently underserved • reflects the diversity of the state's population • is skilled at meeting the needs of patients from various cultural backgrounds <p>AHEC's October 2000 annual conference "Developing Wisconsin's Health Care Workforce," provided 150 participants with an overview of Wisconsin's current health care workforce, health status indicators and emerging health needs; current workforce planning efforts and innovative strategies for addressing recruitment, retention, diversity and distribution of the health care workforce.</p>

5d. (continued)
 Special Statewide
 Initiatives:
Healthcare Workforce
 Development

The *Health Careers Consortium* (facilitated by Northern AHEC), is a statewide organization of over 80 health careers professionals from high school, technical college, university and provider organizations who meet regularly to develop programs to provide better outreach to schools. Projects include production of a quarterly newsletter, a display board, career information sheets and other materials for distribution to students, as well as development of a web page (www.wihealthcareers.org) to provide better information to students in an attractive format.

Wisconsin Health Careers, a booklet with information on over 70 health care fields intended for use by high school and college students, was revised and updated for distribution in the spring of 2001. It will also be available on the AHEC web page (www.ahec.wisc.edu)

Workforce Planning for Northern Wisconsin Health Care

This focus of this project was to gather factual, direct and focused data from healthcare workers in northern Wisconsin to use as a base for strategic workforce planning. A one-day strategic-planning session was developed in partnership with Northern AHEC for all health career consortium partners. The outcome of the project was a workforce-planning document specific to northern Wisconsin.

Health Care Workforce Coalition

Southwest AHEC and the Wisconsin Health and Hospital Association (WHA) are co-chairing a statewide Healthcare Workforce Coalition focused on

- identifying critical healthcare workforce needs
- promoting health care career opportunities to middle- and high school age students and others
- working with the state Department of Public Instruction and Wisconsin Technical College System to bring more attention to health career opportunities and to better understand the articulation of healthcare courses, degrees, and certification
- working with the Wisconsin legislature to educate our representatives about the critical health care workforce needs facing the state and to gain their support for initiatives to make it easier to enter the health care workforce.

The coalition has, with support from AHEC, WHA, Wisconsin Nurses Association, and the RWHC, produced a six-minute recruitment video that gives students and parents a look at the career opportunities in health care and a 30-second TV spot that will air statewide with information about how to get more details on health career educational opportunities in Wisconsin. Additionally, a brochure about health careers has been developed that will be distributed to schools. The brochure has a tear-off card that can be sent back to the AHEC office for more information about health careers. A toll-free number to call will also be provided. AHEC staff will call back, if requested, and provide more in-depth information and direct students to educational institutions with their specific health care career interests. A liaison list is being developed for all technical college campuses and 4-yr. campuses in Wisconsin with healthcare programs. The liaisons will be contacted by AHEC so that they can follow up with potential students and/or their parents.

The coalition is also drafting material to conduct a legislative briefing during state budget deliberations this spring. Focus will be on the healthcare worker shortage and what initiatives could be initiated to help increase the number of students going into health careers.

Recently, coalition members have been meeting with representatives from the Department of Public Instruction to better understand the health occupations and health education courses that are offered in Wisconsin's schools, the certifications required to teach these courses, the barriers to articulating courses from high school to technical college and within the technical college system itself, and have been discussing options to increase students' exposure to health occupations and utilizing health care professionals in the schools to help teach these courses under the guidance of a certified teacher.

END



END



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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January 7, 2002

Governor Scott McCallum
Room 115 East, State Capitol
Madison, Wisconsin 53702

Senator Brian Burke and
Representative John Gard, Co-Chairpersons
Joint Committee on Finance
State Capitol
Madison, Wisconsin 53702

Dear Governor McCallum, Senator Burke, and Representative Gard:

Section 13.94 (1)(a), Wis. Stats., requires the Legislative Audit Bureau to audit the cash and financial securities held by the Office of the State Treasurer or held by others on behalf of the Office and to report our findings to the Governor and the Joint Committee on Finance. We have completed our audit and found the Office properly accounted for the cash and securities in its possession or held on its behalf by others.

As of June 30, 2001, the Office's cash records properly reconciled with the records of the State's working bank, which is Firststar Bank, Milwaukee. We also verified that the Office's record of the cash balance for each of the State's funds for which it is responsible agreed with the official accounting records maintained by the Department of Administration.

The Office also has custodial responsibilities for securities in three areas: bonds that provide for the payment of annuities to winners of the Wisconsin Lottery; bonds deposited with the Office, as required by statute, by insurance companies and banks operating in certain fiduciary capacities; and securities obtained through the Unclaimed Property Program.

Most of the securities that the Office is responsible for safeguarding are held by custodial banks. We verified that the Office's records of these securities properly reconciled with the records of the custodial banks. The value of the securities and their locations are summarized below.

<u>Type of Security</u>	<u>Value as of June 30, 2001</u>	<u>Location</u>
Lottery Annuities (at par value)	\$225,196,104	Firststar Bank - Madison
Fiduciary Bonds (at par value)		
Insurance Companies	\$246,499,899	Firststar Bank - Madison
Banks	13,838,000	Firststar Bank - Madison

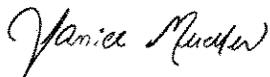
Governor Scott McCallum
Senator Brian Burke and
Representative John Gard
Page 2
January 7, 2002

<u>Type of Security</u>	<u>Value as of June 30, 2001</u>	<u>Location</u>
Securities Under the Unclaimed Property Program (at Market Value)	\$ 7,969,593	Fleet Bank - Rochester, New York

The Office holds, in its name, mutual funds with an estimated value of \$1,437,386 related to the Unclaimed Property Program. The Office also holds in its vault certificates for certain unclaimed stocks and bonds that it received from unclaimed safe deposit boxes. These certificates are generally registered in the name of the unclaimed property owner and frequently are for companies that may have been dissolved or merged with other companies. These securities are of an undetermined, but limited, value.

We appreciate the courtesy and cooperation extended to us by the staff of the Office of the State Treasurer in conducting this review.

Sincerely,

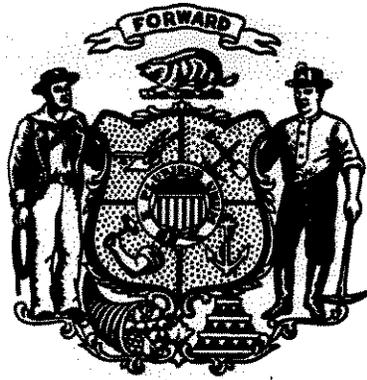


Janice Mueller
State Auditor

JM/XC/bm

cc: Members, Joint Committee on Finance
Members, Joint Legislative Audit Committee
Mr. Jack Voight, State Treasurer

END



END

Legislative Fiscal Bureau

Robert Wm. Lang, Director



State of Wisconsin

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January 16, 2002

Representative John Gard, Assembly Chair
Senator Brian Burke, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Gard and Senator Burke:

This office has now completed its review of the status of the state's general fund for the remainder of the 2001-03 biennium. Our analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year.

Based upon our review, we now project the closing, gross general fund balance at the end of the biennium to be -\$974.5 million. This is \$1,024.3 million below the level (\$49.8 million) that was indicated upon enactment of the state's 2001-03 biennial budget (2001 Act 16).

The \$1,024.3 million is the result of decreased estimated tax collections of \$1,039.2 million, a decrease of \$9.7 million in departmental revenues and an estimated decrease in net expenditures (sum sufficient appropriations and lapses) of \$24.6 million.

In addition to the projected gross general fund deficit of -\$974.5 million, provisions of Act 16, as partially vetoed, require that the state maintain a statutory balance of \$142.8 million. Thus, to address the projected deficit and maintain the required statutory balance, the general fund will need to be improved by \$1,117.3 million.

The following table reflects the estimated general fund condition statement which incorporates our revenue and expenditure projections.

reduction in lapses

to balance and maintain reserve

TABLE 1

2001-03 General Fund Condition Statement

	<u>2001-02</u>	<u>2002-03</u>
Revenues		
Opening Balance, July 1	\$207,508,000	-\$125,867,400
Estimated Taxes	10,218,200,000	10,534,700,000
Departmental Revenues		
Tobacco Settlement	155,526,000	157,602,800
Tobacco Securitization	450,000,000	0
Other	<u>218,904,900</u>	<u>205,452,800</u>
Total Available	\$11,250,138,900	\$10,771,888,200
Appropriations, Transfers and Reserves		
Gross Appropriations	\$11,534,187,200	\$11,809,293,000**
Sum Sufficient Reestimates	17,290,300	10,485,900
Compensation Reserves	27,900,000	82,500,000
Transfer to Tobacco Control Fund	6,032,300	15,345,100
Less Estimated Lapses	<u>-209,403,500</u>	<u>-171,230,800</u>
Net Appropriations	\$11,376,006,300	\$11,746,393,200
Balances		
Gross Balance	-\$125,867,400	-\$974,505,000
Less Required Statutory Balance*	<u>-138,952,500</u>	<u>-142,827,300</u>
Net Balance, June 30	-\$264,819,900	-\$1,117,332,300

*The statutes do not specify a required balance for 2001-02. The \$138.9 million figure shown for 2001-02 is 1.2% of gross appropriations and compensation reserves. Although not required by statute, the 1.2% calculation was used in condition statements during 2001-03 budget deliberations. 2001 Act 16 requires a balance of 1.2% of gross appropriations and compensation reserves for 2002-03.

**Assumes that the \$115 million of general school aid that would have been paid in 2003-04 under Enrolled SB 55 (the 2001-03 budget adopted by the Legislature) will be paid in 2002-03 because of a veto of the \$115 million payment delay.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2001-03 biennium, including a discussion of the national economic forecast for 2001 through 2003 and general fund tax revenue projections for 2001-02 and 2002-03.

National Economic Forecast. This office first prepared revenue estimates for the 2001-03 biennium in January, 2001, based on the January, 2001, forecast of the economy prepared by Standard & Poor's Data Resources, Inc. (DRI). At that time, no recession was forecast. Positive economic growth was expected to continue in 2001, although at a lower rate than in recent years, followed by a rebound in growth in 2002 and 2003. It was believed that the primary risk to the forecast was that corporate earnings would continue to be depressed by high energy prices, deteriorating global competitiveness and reduced sales, in which case a bear market, lower household wealth and reduced consumer spending could lead to a recession in 2001. DRI placed the probability of this sequence of events at 40%.

In May, 2001, this office revised its 2001-03 tax collections estimates downward by 2.2%. The revision was based on 2000-01 general fund tax collections through April, 2001, and on revised national economic forecasts that were less favorable than those at the start of the year. The May, 2001, U.S. economic forecast prepared by DRI-WEFA (a subsidiary of Global Insight, Inc. that was formed by integrating DRI and Wharton Econometric Forecasting Associates) reported growth in nominal gross domestic product (GDP) in 2000 of 7.1% and projected increases of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003. The May forecast was for lower growth rates for each year, as compared to the January, 2001, forecast. Other indicators (including real GDP, personal income, consumption and corporate profits) were also generally lower in the May forecast, while unemployment and inflation were generally higher. As in the January, 2001, forecast, DRI assigned a 40% probability that a recession would occur in 2001.

By July, 2001, the forecasts for growth during 2001 were again being revised downward. That trend accelerated in the aftermath of the terrorist attacks on September 11. On November 26, 2001, the National Bureau of Economic Research (NBER), a non-profit research organization that tracks dates of business cycles, officially declared that the expansion was over and that the economy was in a recession. NBER placed the start of the recession in March, 2001. The debate over whether or not there would be a recession was replaced with the question of how long and severe the downturn would be.

The January, 2002, forecast by DRI-WEFA anticipates that the first quarter of 2002 will see the bottom of the recession, with gradually accelerating growth during the rest of the year, followed by relatively strong growth in 2003. However, as compared to the May forecast, economic activity is expected to be significantly weaker throughout the forecast period, especially in 2002. Growth in nominal GDP is expected to be 3.3% in 2001, 1.9% in 2002 and 6.0% in 2003 (as compared to the May figures of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003). Growth in real GDP is projected at 1.0% in 2001, 0.6% in 2002 and 3.7% in 2003, in contrast to the May, 2001, forecast of 2.0%, 2.4% and 4.0% growth for the same periods, respectively.

Under the current forecast, personal income is projected to grow at rates of 4.8% in 2001, 2.2% in 2002 and 5.2% in 2003. The estimate for 2001 is slightly higher (0.2%) than the May forecast. However, growth for the next two years is lower than the May forecast, by 2.2% in 2002 and by 0.5% in 2003. The low personal income growth in 2002 reflects the significant job losses that have already occurred as well as anticipated future layoffs. However, there are signs that the worst of the job losses may be nearing an end. The average workweek increased in December, and initial claims of unemployment have been trending downward. It is anticipated that employment will stop falling in early 2002 and then slowly recover during the rest of this year and into the next. This improvement is reflected in the personal income growth rate projected in 2003, which exceeds the projected rate in 2002 by 3.0%.

The January forecast assumes growth in personal consumption expenditures of 4.8% in 2001, 2.3% in 2002 and 6.1% in 2003. These growth rates are lower than the May forecast by 0.5% in 2001 and 2.6% in 2002, but exceed the May forecast for 2003 by 0.4%. Following a slow holiday season for retailers, DRI-WEFA expects consumer demand to remain sluggish going into 2002. On the positive side, taxes have been cut, energy prices are down and interest costs are lower, raising household disposable income. However, unemployment has risen and layoffs are continuing. Mortgage interest rates have recently gone up. The decreased use of zero-percent financing on new vehicles, which led to strong consumer spending in the fourth quarter of 2001, will bring a downturn in automobile sales at the start of 2002. Given these factors, DRI-WEFA expects a drop in real consumer expenditures in the first quarter of 2002. While it is projected that recovery in consumer markets will be underway in the spring, the outlook changes when considering only consumer goods that are generally subject to the sales tax. Sales of such taxable goods are expected to decline by approximately 1.0% for the entire first six months of 2002, with only slow growth throughout the second half of the year.

Pre-tax corporate profits are expected to decline 16.2% in 2001, followed by growth of 2.6% in 2002 and 11.8% in 2003. The estimates for 2001 and 2002 are significantly lower than the May forecast (which was -5.0% in 2001 and 5.3% in 2002), reflecting weakness in trade and business investment. Industrial production fell in 13 of the last 14 months, as consumer demand weakened and inventory liquidation occurred. Continued declines in nonresidential construction are projected throughout 2002 and into the first quarter of 2003. However, it is expected that businesses will soon start rebuilding inventories (which DRI-WEFA estimates will begin in the first quarter of 2002). Investments in equipment and software are expected to show positive growth by the third quarter of the year, with investments in structures recovering in the fourth quarter. It is anticipated that these influences will help pre-tax corporate profits rebound in 2003 with growth that is 5% higher than the 6.8% rate projected in May.

Inflation is expected to remain relatively low. The consumer price index is estimated at 2.9% for 2001, 1.9% in 2002 and 2.6% in 2003. The estimates are slightly lower for 2001 and 2002, by 0.4% and 0.1%, respectively, and 1.0% higher for 2003 than the May projections. The unemployment rate is projected at 4.8% in 2001, 6.2% in 2002 and 5.9% in 2003. The estimates for 2002 and 2003 exceed the May projections by 0.6% in 2002 and 0.3% in 2003. The jobless rate is expected to peak in the summer of 2002.

DRI-WEFA anticipates that the magnitude of both the economic downturn and the recovery will be relatively modest. Under the baseline forecast, it is assumed that the bottom of the recession will occur during the first quarter of 2002. The peak-to-trough decline in real GDP is estimated at 0.6%, which is relatively small compared to past recessions. It is expected that the federal tax cuts approved before the terrorist attacks, the increased federal spending on education, security, defense and intelligence approved after September 11 and monetary policy that has enhanced liquidity and kept interest rates low will all aid in the economic turn-around. The forecast also assumes a reversal in business inventory liquidation, which has been underway since February, 2001, starting in the first quarter of 2002. In addition, DRI-WEFA projects that expenditures on travel and leisure activities will rebound as the impact of September 11 begins to fade.

The major risks to the forecast are for a more protracted downturn in investment, resulting in additional layoffs and inventory liquidation, and that federal spending will not be able to be ramped up as quickly as is expected. A deeper U.S. recession could also aggravate the global recession and cause already sliding U.S. exports to fall further. Under this scenario, DRI-WEFA assumes that the beginning of the recovery would be pushed back until summer and would follow a deeper drop in real GDP than is assumed under the baseline forecast. The forecast assigns a probability of 30% to this scenario. An additional significant risk is that consumer and business confidence could be shaken by further terrorist attacks or other negative developments in the war on terrorism.

Table 2 shows a summary of national economic indicators drawn from the January, 2002, forecast by DRI-WEFA.

TABLE 2

**Summary of National Economic Indicators
DRI-WEFA, January, 2002
(\$ in Billions)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Nominal Gross Domestic Product	\$9,872.9	\$10,196.5	\$10,387.1	\$11,007.0
% Change	6.5%	3.3%	1.9%	6.0%
Real Gross Domestic Product	\$9,224.0	\$9,319.2	\$9,374.4	\$9,721.2
% Change	4.1%	1.0%	0.6%	3.7%
Consumer Price Index	3.4%	2.9%	1.9%	2.6%
Personal Income	\$8,319.2	\$8,720.5	\$8,910.5	\$9,374.3
% Change	7.0%	4.8%	2.2%	5.2%
Personal Consumption Expenditures	\$6,728.4	\$7,050.3	\$7,213.4	\$7,650.9
% Change	7.7%	4.8%	2.3%	6.1%
Pre-Tax Corporate Profits	\$845.4	\$708.2	\$726.8	\$812.2
% Change	2.7%	-16.2%	2.6%	11.8%
Unemployment Rate	4.0%	4.8%	6.2%	5.9%

General Fund Tax Projections. Our estimates of general fund tax revenues for the 2001-03 biennium are based on tax collections to date and the January, 2002, DRI-WEFA forecast of national economic growth. In addition, all of the tax law changes adopted by the Legislature in Act 16 are reflected in these estimates. Projections of general fund tax collections for the 2001-03 biennium are shown in Table 3.

TABLE 3
Projected General Fund Tax Collections
(\$ in Millions)

<u>Source</u>	<u>2000-01</u> <u>Tax Collections</u>	<u>Budget Estimates</u> <u>(Act 16)</u>		<u>Revised Estimates</u> <u>January, 2002</u>	
		<u>2001-02</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2002-03</u>
Individual Income	\$5,156.5	\$5,455.5	\$5,687.1	\$5,220.0	\$5,330.0
General Sales and Use	3,609.9	3,750.6	3,975.1	3,680.0	3,830.0
Corporate Income & Franchise	537.2	594.2	606.3	480.0	535.0
Public Utility	239.2	244.0	250.0	253.7	257.4
Excise					
Cigarette	243.5	300.4	306.6	296.4	304.6
Liquor and Wine	35.5	35.9	36.8	35.1	36.2
Beer	9.4	9.5	9.5	9.4	9.4
Tobacco Products	11.4	14.5	16.2	14.0	15.5
Insurance Company	89.0	90.0	92.0	87.0	90.0
Estate	77.1	110.0	91.0	85.0	67.0
Miscellaneous Taxes	<u>54.7</u>	<u>56.6</u>	<u>60.3</u>	<u>57.6</u>	<u>59.6</u>
TOTAL	\$10,063.4	\$10,661.2	\$11,130.9	\$10,218.2	\$10,534.7
Increase Over Prior Year					
Amount		\$597.8	\$469.7	\$154.8	\$316.5
Percent		5.9%	4.4%	1.5%	3.1%

As shown in Table 3, general fund tax revenues are estimated to total \$10,218.2 million in 2001-02 and \$10,534.7 million in 2002-03. These amounts are lower than the estimates used in Act 16 by \$443.0 million in the first year and \$596.2 million in the second year of the biennium. Individual income taxes, sales taxes, corporate taxes and estate taxes have all been revised downward significantly, based on recent collections data and the new economic forecast, while utility tax estimates are slightly higher. Small decreases are projected for most of the other tax sources.

Revised General Fund Tax Estimates

Individual Income Tax. The current estimates of individual income tax collections are \$5,220.0 million in 2001-02 and \$5,330.0 million in 2002-03, which are lower than the estimates used in Act 16 by \$235.5 million in 2001-02 and \$357.1 million in 2002-03. Compared to prior years, the revised estimates reflect growth of 1.2% in 2001-02 and 2.1% in 2002-03. The decreases in the estimates compared to Act 16 are due to the fact that the economy is now in a recession, which was not expected under the May forecast. As noted, the current DRI-WEFA forecast of national personal income growth is 4.8% for 2001, 2.2% for 2001 and 5.2% for 2003. The earlier estimates were based on the May, 2001, forecast of personal income growth of 4.6% for 2001, 4.3% for 2002 and 5.7% for 2003. The current forecast projects that a higher proportion of personal income will come from transfer payments (such as social security, public assistance and unemployment benefits) than was projected in May. Transfer payments are generally nontaxable. The reestimates reflect both the lower growth expected in personal income and the shift toward more transfer payments.

Through December, 2001, income tax collections were 1.4% higher (\$30.7 million) than at the same time last year. Withholding payments, which make up the largest source of income tax revenues, have increased by 3.1% since last year (although the Department of Revenue believes that some of this growth is a matter of faster receipt of withholding payments as a result of the electronic funds transfer system that more employers are using to remit such payments). On the other hand, estimated tax payments, which reflect non-wage incomes, are 5.1% lower than at this time last year. In addition to economic factors, the slow growth in 2001-02 also reflects the final phase of implementing the income tax reductions adopted in the 1999-01 biennial budget (1999 Act 9).

The estimates of individual income taxes do not reflect a reduction that would occur in 2002-03 if the State of Minnesota were to withdraw from the income tax reciprocity agreement it has with the State of Wisconsin. Under the agreement, taxpayers who live in one of the two states and work in the other state are only required to file a return and pay taxes in the state of legal residence. As a result, Wisconsin foregoes tax revenue from residents of Minnesota who work here and Minnesota foregoes tax revenue from Wisconsin residents who work in Minnesota. On an annual basis, in December, Wisconsin reimburses Minnesota for the estimated amount of net foregone tax revenues to Minnesota in the prior year (which results in large part because more people live in Wisconsin and work in Minnesota than vice versa, so Minnesota loses more tax revenue by not collecting it directly from Wisconsin residents). The income tax reciprocity agreement is open-ended and may be unilaterally terminated by either state through legislative repeal. Governor Jesse Ventura has proposed ending the agreement, beginning in tax year 2003. If the Minnesota Legislature approves the repeal, Wisconsin would experience revenue losses in the first two fiscal years after the change, as described below.

If the agreement were terminated effective January 1, 2003, Wisconsin would stop withholding tax from Wisconsin residents working in Minnesota and begin to withhold tax on earnings of Minnesota residents working in Wisconsin. Based on preliminary information from the Department of Revenue, the change would reduce Wisconsin income tax collections in 2002-03 by an estimated \$27.5 million. In 2003-04, the cost to Wisconsin would be greater as there would be

the loss in tax revenues as well as the December payment to Minnesota for calendar year 2002. The Department estimates a net loss for 2003-04 of \$56.5 million. However, for 2004-05 and thereafter, the annual decrease in Wisconsin's withholding payment receipts would be balanced by the elimination of the annual reconciliation payment to Minnesota.

General Sales and Use Tax. Sales tax revenues were \$3,609.9 million in 2000-01, up 3.1% over the prior year. Revenues are estimated at \$3,680.0 million in 2001-02 and \$3,830.0 million in 2002-03, which is a decrease of \$70.6 million in the first year and \$145.1 million in the second year, relative to the Act 16 estimates. The revised projections are based on current collection data and the most recent forecast of growth in personal consumption expenditures, with adjustments for expenditures on food, gas and oil, and services to more closely reflect Wisconsin's sales tax base.

Year-to-date, sales tax collections through December were up by approximately 8.5% over the level collected during the same period of the prior fiscal year. However, this figure significantly overstates actual growth, since it is based on an artificially-low collections figure for December, 2000, that resulted when revenues that normally would have been reflected in that month were instead "booked" in January, 2001. When adjusted to correct for this anomaly, the current year-to-date level of growth becomes 4.5%. It is likely that this pace of growth is due in significant part to activity generated by zero-percent financing in the motor-vehicle industry and price reductions in the retail sector during the 2001 holiday shopping season and cannot be sustained for the balance of the fiscal year. This pattern is reflected in the economic forecast, which calls for a drop in taxable consumption expenditures of about 1% during the remainder of 2001-02, with only slight growth anticipated to occur in the first two quarters of 2002-03. Growth is expected to accelerate substantially in the second half of 2002-03.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections were \$537.2 million in 2000-01, which was \$26.8 million less than estimated last May. The reduction reflected the slowdown in the economy and a related decrease in corporate earnings and profits. Collections are projected to be \$480.0 million in 2001-02 and \$535.0 million in 2002-03. These amounts represent an annual decrease of 10.6% in 2001-02 and an increase of 11.5% in 2002-03 and are lower than the Act 16 estimates by \$114.2 million in 2001-02 and \$71.3 million in 2002-03.

The new estimates reflect lower than anticipated corporate franchise tax collections and the effects of the economic slowdown on the state's economy. Through December, collections were almost 19% lower than 2000-01 collections for the same period. Consumer spending, investment, corporate earnings and profits have all declined during the year and are expected to remain soft during the first part of 2002. However, in part due to significant doses of monetary and fiscal stimuli, the economy is projected to begin to rebound in the second quarter of 2002. Corporate profits are forecast to increase beginning in the latter part of 2002 and in 2003 and 2004. Consequently, corporate income and franchise tax revenues are estimated to increase between 2002 and 2003.

Public Utility Taxes. Public utility taxes were \$239.2 million in 2000-01 and are projected to total \$253.7 million in 2001-02 and \$257.4 million in 2002-03. The projections are \$9.7 million

higher for 2001-02 and \$7.4 million higher for 2002-03 than the Act 16 estimates, based on recent collections data and forecasts of energy usage.

Excise Taxes. Cigarette excise tax revenues are estimated to be \$296.4 million in 2001-02 and \$304.6 million in 2002-03. The first-year estimate is an increase of 21.7% over the 2000-01 actual total of \$243.5 million and is due to a tax increase of \$0.18 per pack that took effect on October 1, 2001. Actual volume (packs sold) continued its historical trend of moderate decline in 2000-01, with this trend expected to continue. The revenue increases now estimated are somewhat weaker than those anticipated at the time of Act 16's passage; they reflect downward revisions of \$4.0 million and \$2.0 million for 2001-02 and 2002-03, respectively.

Estimates of revenues from the liquor, tobacco products and beer taxes have been revised downward to reflect generally lower consumption levels than those anticipated earlier. Estimates of tobacco products tax revenues reflect an Act 16 increase in the tax rate from 20% of the manufacturer's price to 25%.

Insurance Premium Taxes. Insurance premium taxes increased from \$86.9 million in 1999-00 to \$89.0 million in 2000-01. Premium taxes are projected to decrease to \$87.0 million in 2001-02 and then increase to \$90.0 million in 2002-03. The projected decline in 2001-02 reflects year-to-date monthly premium tax collections through December, which are lower than 2000-01 for the same period. The increase in premium tax revenues in 2002-03 is based on expected moderate growth in life and property and casualty insurance sales.

Estate Tax. Estate tax revenues totaled \$77.1 million in 2000-01, and are estimated at \$85.0 million in 2001-02 and \$67.0 million in 2002-03. The estimates are lower than the Act 16 amounts by \$25.0 million in 2001-02 and \$24.0 million in 2002-03.

Annual estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may, therefore, vary considerably from year to year. The Act 16 estimate assumed that estate tax revenues would be \$110.0 million in 2001-02 and \$91.0 million in 2002-03. [The lower figure for 2002-03 reflects the reduction in state estate tax collections as a result of the federal law changes under the Economic Growth and Tax Relief Reconciliation Act of 2001.] However, actual collections for 2000-01 were \$77.1 million, which was a 42.2% decrease from the prior year. Based on year-to-date collections and the current economy, estate tax revenues have been reestimated at the lower figures shown above.

Miscellaneous Taxes. Collections from the real estate transfer fee have been revised upward for 2001-02 relative to the Act 16 estimates, due to strong collections through December, 2001. The same level of growth is not expected to continue in 2002-03, however, resulting in a small downward shift in expected revenue from the fee for that year, relative to the Act 16 estimate. Anticipated collections from the court suit tax are down slightly in both years from the Act 16 estimates. In 2000-01, the two taxes brought in combined revenues of \$54.7 million.

Departmental Revenues and Net Expenditures

It is projected that departmental revenues (non-tax receipts) will be lower than previous estimates by \$9.7 million. Although increases are projected in a number of areas, these increases are offset by a reduction in interest earnings because of lower interest rates. It is important to note that the estimate of interest earnings factored into this memorandum assumes that the Legislature will take steps necessary to balance the 2001-03 general fund budget.

On the appropriation side, it is now anticipated that net expenditures will be below the projections of Act 16 by \$24.6 million. For the biennium, sum sufficient appropriations are projected to increase by \$27.8 million while appropriated amounts expected to lapse to the general fund are above the biennial budget estimates by \$52.4 million. Included in the increased lapse estimate is \$28.3 million, which is anticipated due to the 3.5% reduction to a number of state operations appropriations that the Governor announced in December, 2001, for the 2001-02 fiscal year.

In addition to the sum sufficient and lapse projections, mention should be made of some appropriations and programs which might require attention in the upcoming legislative floor periods.

It is estimated that medical assistance (MA) benefit costs will exceed the amount budgeted for the program by approximately \$30 million GPR in 2001-02. This estimate is based on a review of MA benefits payments to December, 2001, adjusted to reflect recent increases in the projected number of MA recipients. Most of the caseload growth is due to increases in the number of applicants that meet AFDC-related MA eligibility standards. The Act 16 MA base reestimate assumed modest growth in the number of AFDC-related MA recipients in 2001-02 and 2002-03. However, as of December 1, 2001, the number of AFDC-related MA recipients (approximately 167,100) exceeded the projected 2001-02 fiscal year average (148,800) by 18,300. In addition, projected benefit costs for some services, including nursing home and hospital services and capitation payments to health maintenance organizations, are expected to exceed Act 16 estimates. The costs of providing some services and benefits, such as home health services and prescription drugs, are expected to be somewhat less than the Act 16 projections. Based on current trends in caseload and service costs, a similar shortfall in GPR MA benefits funding is likely to occur in 2002-03. Caseload growth may also result in some spending pressure on the BadgerCare program.

Act 16 provides \$25,249,000 GPR in 2001-02 and \$28,097,800 GPR in 2002-03 in a sum certain appropriation to fund: (a) adoption assistance payments to families that adopt children with special needs to assist in the cost of care for these children; and (b) payments to families and facilities that provide foster care to children for whom the state serves as guardian. Based on actual payments through December, 2001, it is estimated that an additional \$1.8 million GPR in 2001-02 and \$2.5 million GPR in 2002-03 will be needed to fully fund state foster care and adoption assistance payments in the 2001-03 biennium.

The administration is currently negotiating with the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services (CMS) about the state's claiming federal MA matching funds under the intergovernmental transfer (IGT) program. The results of these negotiations could significantly affect the amount of funding available to support MA costs in the current biennium and in future years. The primary issues of these negotiations are: (a) whether the state will be required to return approximately \$83.2 million in federal MA matching funds the state claimed in 1999-00; and (b) the amount of federal MA matching funds the state will be able to claim in the future under the IGT program. To date, the state and CMS have not reached an agreement.

We will continue to monitor tax collections, economic forecasts and expenditures and keep you apprised if any further modifications are necessary.

Sincerely,

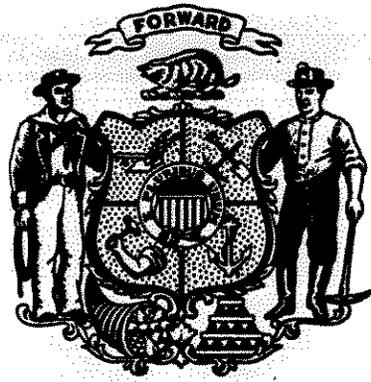
A handwritten signature in black ink, appearing to read "Bob", written over a horizontal line.

Robert Wm. Lang
Director

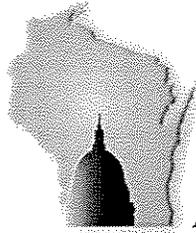
RWL/sas

cc: Members, Wisconsin Legislature

END



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**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR
GEORGE LIGHTBOURN
SECRETARY
Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

January 18, 2002

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
317 East, State Capitol
Madison, WI 53702

Dear Senator Burke:

As you are aware, the Legislative Fiscal Bureau (LFB) recently released revised estimates of general fund revenues for the 2001-03 biennium. These revisions were necessary due to a further deterioration in the state's economic outlook since May 2001 when LFB developed the revenue estimates used in making appropriations in 2001 Wisconsin Act 16. Ongoing monitoring of revenues and economic indicators by the Departments of Administration and Revenue concur with the LFB projections.

In addition to the revised revenue estimates, the Legislative Fiscal Bureau also identified changes in sum-sufficient appropriations. These changes are also consistent with the findings of on-going reviews performed by the Department of Administration and other state agencies.

Under s. 16.50, the Secretary of Administration is required to review estimates of expenditures from each agency, except the Legislature and the Courts. In that review, s. 16.50 (7) requires that if a determination is made that expenditures will exceed revenues in the current or succeeding fiscal year by more than 0.5 percent, the Secretary must notify the Governor, the presiding officers of each house and the Joint Committee on Finance. As you will note in the table below, due to the revised LFB revenue estimate, the 0.5 percent threshold will be exceeded during this fiscal year (2001-02).

	<u>FY02</u>	<u>FY03</u>
Opening Balance	\$207,508,000	-\$125,867,400
LFB Revenue Reestimate (1/16/2002)	<u>11,042,630,900</u>	<u>10,897,755,600</u>
Total Available Revenues	\$11,250,138,900	\$10,771,888,200
Authorized Expenditures (1/16/2002)	<u>11,376,006,300</u>	<u>11,746,393,200</u>
Expenditures in Excess of Revenues	\$125,867,400	\$974,505,000
Percentage Expenditures exceed Revenues	1.1%	9.0%

The Honorable Brian Burke, Co-Chair
January 18, 2002
Page 2

Given the above, this letter serves as my notification to you of an imbalance between revenues and expenditures of more than 0.5 percent. Failing to quickly address this spending imbalance will have severe consequences for the state's fiscal health. Under s. 16.53 (10), the Department of Administration is required, after notification of and opportunity for review by the Joint Committee on Finance, to establish a priority schedule and to begin prorating payments in the event that the general fund has insufficient cashflow to meet commitments. With over 75 percent of general fund expenditures focused on local governments and aids to individuals, insufficient cashflow and the associated need to prorate payments will have severe consequences throughout the state.

This spending imbalance may also seriously affect the state's ability to secure short and long-term debt. Issuance of operating notes that may be required in the next fiscal year will not be possible until this imbalance is corrected. Issuance of general obligation bonds in support of the state building program, the Stewardship program and the Clean Water Fund may not be possible if Wisconsin is identified by the rating agencies and investors as a credit risk.

The Governor will soon introduce legislation to correct this imbalance and improve the long-term fiscal health of the state. Rapid adoption of this legislation is critical to ensuring the state's fiscal integrity.

Sincerely,



George Lightbourn
Secretary

CC: Bob Lang, Legislative Fiscal Bureau

END



END

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

317-E Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

308-E Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

January 24, 2002

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

Dear Mr. Caucutt:

On January 14, 2002, we received the signed minutes from the Committee's December 18, 2001, s. 13.10 meeting. In forwarding the minutes, the Governor indicated that he had vetoed a portion of the Committee's action.

Pursuant to s. 13.10(4) of the statutes, we conducted a mail ballot to determine if the Committee's December 18, 2001, action on this matter should be upheld, regardless of the Governor's veto.

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

"Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?"

The vote on the question was as follows:

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

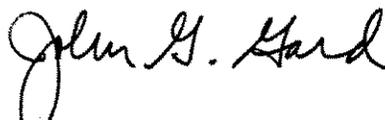
Eleven affirmative votes being necessary, the action of the Joint Committee on Finance on Agenda Item I, directing DOA to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation in DWD's appropriation 20.445(3)(md) to the Joint Finance Committee's program supplements federal appropriation to be set aside for purposes eligible under the TANF block grant, was not upheld.

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

Sincerely,



BRIAN BURKE
Senate Chair

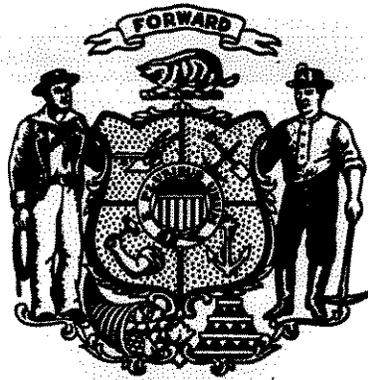


JOHN GARD
Assembly Chair

cc: Governor Scott McCallum
Members, Joint Committee on Finance
Jennifer Reinert, Secretary, Department of Workforce Development
George Lightbourn, Secretary, Department of Administration

BB:JG:js
Enclosures

END



END



WISCONSIN LEGISLATURE

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

October 10, 2001

HAND DELIVERED

Senator Brian Burke
Co-chair, Joint Committee on Finance
Room 317 East – State Capitol
Madison, WI 53703

Dear Sen. Burke:

We reluctantly submitted our Senate Finance paper ballots to your office this afternoon. Not because we don't support the bill at issue – one of us is actually a cosponsor – but because we dislike circumventing the Joint Committee on Finance.

Joint Finance is a national model. Other states are stunned to learn how Wisconsin's progressive tradition includes a bicameral, bipartisan committee to consider all bills of fiscal import. They say such a committee would never work in their states. Your continued use of the Senate Finance Committee poisons the political waters, and endangers the committee's utility.

Earlier this year we were heartened to read a quote of yours in the *Milwaukee Journal Sentinel*: "The untold story is that the Joint Finance Committee is the last bastion of consensus in the Legislature." Sadly, it appears you are allowing that final rampart to be breached.

The next time the urge arises to avoid the tough debate of the Joint Finance Committee, we respectfully request you reconsider.

Sincerely,

PEGGY ROSENZWEIG
5th Senate District
Member, Joint Committee on Finance

ALBERTA DARLING
8th Senate District
Member, Joint Committee on Finance