

Uekert emphasized again that if the WATF's assets are to be transferred to TEACH, the resolution for dissolution should include a consideration for expansion of the TEACH Board to include telecommunication providers. Holly Reed from Ameritech agreed that the telecommunication provider representation would help keep with the spirit of what was intended in regards to the spending of the WATF assets. Bugher questioned whether this would be a wise thing to do, knowing that the TEACH Board acts on certain issues that may affect telecommunications providers, and who would serve since each telecommunication provider has their own interests.

Bugher further stated that legislative action provided for the telecommunication provider contributions to the WATF, so they may choose to dissolve it and use it for other items that are consistent with the mission of the WATF. The WATF has no authority on the distribution of the principle. He also suggested that the Governor may propose a distribution plan for the funds which is outside of TEACH, but yet is consistent with the WATF's purpose.

Orth questioned what the long-term commitment for contributions from telecommunication providers would be, since he didn't see any language in the motion for dissolution. Saunders responded that all telecommunication provider contributions would end with dissolution, and that there would be no further duty to collect or contribute. Uekert requested that the motion for dissolution be amended to include language stating contributions will end with the dissolution of the WATF. Saunders read aloud the second paragraph of the resolution, to include the amendment.

Orth suggested that the transfer of funds from the WATF's investment manager, R.W. Baird take place at the end of the month, instead of immediately to allow Baird some time to close out and sell off assets. Bugher felt that this was not necessary, and that DOA and the State Treasurer would determine the timing of the actual transfer. Saunders stated that the State Treasurer would become the treasurer of the funds, and that they would likely name DOA as the trustee.

Adams expressed concern about whether the libraries, hospitals and other non-educational entities would have any opportunity to receive any of the WATF funds. Saunders stated that the ultimate decision of how the funds are distributed is up to the Legislature. Bugher also stated that in respect to TEACH, funding for other entities beyond school and libraries was a little uncertain. Steve Milioto from the Budget Office stated that there is language in the upcoming proposed State budget to expand library opportunities for TEACH.

Schaeffer stated that the WATF has had the ability to distribute grants to a large variety of different organizations, in which many other grant programs have not and that capability will be lost should the WATF dissolve. It is also likely that the state will lose some research ideas and opportunities. Schaeffer also asked for clarification of what actions were before the Board. Saunders stated that if the resolution before the Board passes, dissolution occurs and if the motion does not pass, the WATF continues as is. Bugher further stated that if the resolution is not passed, there is likely to be a gap in the upcoming proposed State budget. Hearing that, Orth questioned whether a distribution plan for the WATF's assets had already been drafted. Bugher noted that he was uncertain, but suggested that there might still be an opportunity to provide some direction to the Legislature once the proposed budget is made public. He also told the Board to keep in mind that the DOA is aware of the needs that exist out there.

Esbeck commented that regardless of the Board's decision, the Legislature may still require a dissolution.

Orth suggested again that the transfer of WATF assets to DOA be effective at the end of February rather than immediately. Holmes stated that DOA may choose to keep the funds with the WATF's current investment manager, R.W. Baird for the meantime, and Bugher agreed.

Holmes called for the vote. Saunders re-read the entire resolution for dissolution aloud, and requested that action be conducted through a roll-call vote. Gorski called roll and announced

that the motion failed by a less than majority vote of the telecommunication providers present (one vote for approval of the motion; two votes against the motion). Note: Dissolution requires a majority vote of the non-telecommunication provider members AND a majority vote of the telecommunication provider members then in office.

Based on the vote, Holmes asked Larkin and Schaeffer who voted against the resolution, what issues were not previously addressed in the resolution that could be considered to change their mind on the vote.

Larkin stated that he understands the contribution issue that the WATF has always been faced with, but that he is concerned for the entities that TEACH does not serve. The representation of "other" entities, such as the municipalities, emergency medical technicians (EMT), Boys & Girls Clubs, and other similar organizations in which telecommunications is critical, has gradually been increasing in terms of requests to the WATF, but now any chances they had will collapse. He is not supportive of any resolution that does not include non-educational entities, since it does not satisfy the mission of the WATF.

Robinson recommended that Larkin's concerns be incorporated into the resolution, by providing some direction of where distributions should go. The inclusion of non-binding language to the Legislature was also suggested. Saunders read aloud the purpose of the WATF from the statutes.

Schaeffer agreed with Larkin's concerns. He also asked what type of opportunities the other entities would have now, especially private colleges that he works a lot with. Steve Milioto from the Budget Office confirmed that public schools, public universities, private colleges, technical colleges, libraries and CESAs were eligible TEACH entities.

Bugher suggested that the resolution be amended to include funding criteria from the statutes, Section 14.28 (3) to address Larkin and Schaeffer's concerns. Holmes felt that if the Board acts on the dissolution of the WATF now, it may give the Board an opportunity rather than possibly having losing that opportunity in the future. Orth again stated that he felt it would be beneficial to provide specific, individual recommendations for spending of the WATF assets to the Legislature. Bugher explained that technically the Board does not have that opportunity when dissolved.

Larkin commented that everyone should be aware that private schools would likely not receive any funding, since they are not eligible for State funding due to the separation of church and State. Saunders stated that certain exceptions exist that will allow state funding to private schools for non-religious purposes.

Motion made by Schaeffer, seconded by Uekert to reconsider the resolution to dissolve. Motion unanimously approved.

Gorski called roll and announced that the resolution for dissolution of the WATF passed by a majority vote of the non-telecommunication providers present (five votes for approval of the motion; one vote against the motion) and a majority vote of the telecommunication providers present (three votes for approval of the motion; zero votes against the motion).

Holmes and Larkin stated that they really enjoyed the WATF program, and it was their pleasure to participate. Schaeffer also stated that he was definitely planning to meet with Governor McCallum when he came to Fond du Lac, to ensure that the WATF assets are spent appropriately.

5. Adjourn

Motion made by Bugher, seconded by Robinson to adjourn the meeting at 2:55 p.m. Motion passed.

MOTION

Move to dissolve the Wisconsin Advanced Telecommunications Foundation (WATF) as provided for under Article VII of the WATF Articles of Incorporation. Further, all authority, rights and obligations relating to contracts and grant awards entered into by the WATF in effect through February 6, 2001 shall remain in effect and are transferred and assigned to the TEACH Wisconsin Board (TEACH). TEACH shall carry out all such contractual or grant-related obligations until modified or rescinded by TEACH to the extent allowed contractually. All administrative or ministerial matters pending with the WATF through February 6, 2001 are transferred and assigned to TEACH and all materials submitted to or actions taken by the WATF with respect to such pending matters shall be considered as having been submitted to or taken by TEACH.

All WATF assets shall be transferred in full as a gift to the State of Wisconsin, Department of Administration for the purposes of promoting and funding advanced telecommunications technology applications, products and efforts to educate technology users about such services and applications. Those funds necessary to meet the outstanding WATF contractual and grant-related obligations existing on February 6, 2001, shall be transferred and assigned to TEACH. All future contribution or collection obligations shall terminate upon dissolution. The WATF Board further recommends that the Legislature consider funding entities other than educational institutions, consistent with the funding provisions set forth in the WATF implementing legislation found in s. 14.28 (3) of the Wisconsin Statutes.

The WATF Board shall take such steps, or authorize others to take such steps as are necessary and prudent, including retaining legal counsel or other professionals, to do the following:

- complete all legal and procedural matters to effectuate the WATF dissolution,
- ensure the integrity of the transfer of the Endowment Fund and other assets, and
- transfer 1.0 FTE WATF positions to TEACH Wisconsin, and ensure funding therefor through the end of the next biennium, June 30, 2003.



101 E. WILSON STREET, 6TH FL
POST OFFICE BOX 8761
MADISON, WI 53708-8761

PHONE: 608/266-7878
TOLL FREE: 800/870-9900
FAX: 608/261-7420
TTY: 608/266-1213

For Immediate Release
February 8, 2001

WATF Board Votes To Dissolve

The Wisconsin Advanced Telecommunications Foundation (WATF) Board of Directors met on February 6, 2001, to discuss the dissolution of the Foundation. The WATF was especially challenged in the last few years to identify grant applicants whose projects could exemplify advanced telecommunications technology applications. In addition, with the evolution of other funding resources, the roles of some were gradually beginning to overlap.

By a majority vote of the Board of Directors, the WATF was dissolved effective February 6, 2001, as provided for under Article VII of its Articles of Incorporation. All WATF assets shall be transferred as a gift to the State of Wisconsin, Department of Administration for the purposes of promoting and funding advanced telecommunications technology applications, products and efforts to educate technology users about such services and applications. The use of these assets must be consistent with the funding provisions set forth in the WATF implementing legislation found in s. 14.28 of the Wisconsin Statutes. All funds necessary to meet the outstanding grant obligations shall be put in reserve and projects shall survive expiration of the WATF.

The WATF program was one of the first of its kind in Wisconsin to provide grant funds for telecommunications-based projects throughout the State. Initially, the WATF grants were provided for the costs of networking, wiring, computer labs, Internet access and other similar projects. However, through the years, the WATF has gradually switched its funding focus within the confines of its statutes to projects that are more advanced in nature including new applications of proven technology, the use of untested technology, and creative strategies for overcoming traditional barriers to access. Recently funded projects include a new aeronautical science course and teledentistry pilot project that will also use videoconferencing in addition to web-based technologies; the video-streaming of advanced courses to middle school grades; and the utilization of assistive technology to enhance the communication skills of young children with special needs.

The WATF has sponsored twelve competitive funding cycles since its inception in 1995 and has funded numerous projects throughout Wisconsin by awarding over \$6.3 million in cash grants to 140 applicants. Grant awardees include public and private educational institutions at all levels, libraries, local government units, health care information services, State government agencies, and non-profit community/social service organizations. The WATF is very proud of the work that has been done.

The WATF was established as a public-private partnership and non-stock/non-profit corporation to raise private sector, government, and foundation funds to build an endowment to support advanced telecommunications-based projects. The WATF grant program would not have been possible without the generous support from telecommunication providers, who have contributed more than \$23 million to the Foundation since 1995.

If you have any questions, please contact Jodi Gorski, Grant Administrator at 608/266-7878 or jodi.gorski@teach.state.wi.us.

1ST STORY of Level 1 printed in FULL format.

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SECTION: FRONT; Pg. 1A

LENGTH: 872 words

HEADLINE: STATE RAIDS FUND TO BENEFIT BUDGET;
\$23M SNATCHED FROM ENDOWMENT

BODY:

An independent state board has agreed to let the Department of Administration raid a \$23 million telecommunications endowment fund, apparently to help the state balance its upcoming budget.

During an emergency meeting Monday, the board of the Wisconsin Advanced Telecommunications Foundation voted 11-1 to dissolve itself and turn over the endowment fund to the department.

That action means the state will be able to spend money given to the foundation by telecommunications firms as part of a deregulation law enacted in 1996, and the telecommunications firms won't have to contribute up to \$5 million a year until 2004 to build the endowment fund.

"I think this is a bad idea," said Ken Cole, director of the Wisconsin Association of School Boards and vice president of the foundation's board who was unable to attend the meeting. "It basically says we have deregulated the phone companies and have nothing to show for it but complaints."

Some board officials say they were under political pressure from Gov. Tommy Thompson's office to dissolve the foundation before the new state budget is sent to the Legislature on Feb. 20.

"They were basically asking us to capitulate so they could hand the money over to do what they wanted with it," said board member John Orth, who cast the lone vote against dissolution.

The foundation board was made up of representatives from the telecommunications industry, state government, the state technical college system, the University of Wisconsin, the Public Service Commission, schools, and libraries, all of whom were appointed by the governor. Eight of the 19 seats on the board were vacant during Monday's meeting, including that of the president, who reportedly resigned rather than vote to dissolve the board.

The board's final resolution said that all foundation assets should be transferred to the administration department "for the purposes of promoting and funding advanced telecommunications applications, products and efforts to educate technology users about such services and applications." But the resolution left the final use of the funds at the disposal of the Legislature's budget-writing Joint Finance Committee, which could transfer them elsewhere.

The endowment was one of the first of its kind in Wisconsin to provide grant funds for telecommunications-based projects throughout the state.

Using interest and dividends, the endowment fund provided up to \$1 million a year for schools, local governments and other organizations to explore innovative uses of technology.

Competition for fund grants was intense, according to grant administrator Jodi Gorski. During its last six-month funding cycle that ended in October, the board approved only seven projects out of 40 applications. Last April, the board funded only five of the 38 grant proposals.

Orth said the fund's aim was to support experimental programs for which other money -- from taxpayers -- might not be appropriate.

One such grant proposal that was not funded was a \$75,000 request by a nonprofit firm to help develop software so juvenile court judges could monitor whether youths were meeting the terms of their sentences.

Paul Rux, CEO of the Middleton-based Youth Care Inc. that proposed the project, said Friday he was outraged to learn that the foundation had decided to close shop.

"I don't believe it," he said in an interview. "You've got \$23 million handed over to a bunch of pencil pushers. They don't deserve that.

"Here we were led to believe that the telecommunications industry would set aside a little bar change' for us to do new things at the local level, and then they (the board) hand this money over to an agency. I'd like to know where they get the statutory authority to do this," he said.

Orth said he believes the board's action was driven by a political rivalry between the foundation and the TEACH program headed by Doris Hanson, a former lawmaker, administration secretary and ally of Thompson.

The TEACH program funds educational technology programs at schools around the state, a focus that is more narrow than the foundation's.

Orth said Hanson approached the foundation board two years ago seeking \$500,000 -- or about half the endowment's grant budget -- for TEACH's model classrooms project. The foundation board turned down that request, which angered Hanson.

"This was a political payback for WATF refusing to go along with her on her projects," he said. "Now she's dissolved it (the foundation) and got all the money."

Hanson could not be reached for comment Friday afternoon.

Orth said Monday's meeting was called at the request of Mark Bugher, a board member and head of the UW Research Park. Bugher served as administration secretary under Thompson and was one of the governor's most trusted confidants.

Cole, the board's vice president, said he tried to get the meeting rescheduled so he could attend and voice his objections, but the board met anyway.

Orth said he wanted the board to reject dissolution and force the Legislature to take that action.

But, he said, "It was made perfectly clear to the board that the state Legislature was going to do it."

Bugher could not be reached for comment Friday.

LOAD-DATE: February 11, 2001

Wisconsin Advanced Telecommunications Foundation Board of Directors

Updated January 9, 2001

President:

Suzanne S. Hotter
Superintendent
Watertown Unified School District
111 Dodge Street
Watertown WI 53094
920/262-1460
920/262-1469 (Fax)
hotters@watertown.k12.wi.us
Superintendent Representative
Term expires 5/1/01

Helen R. Adams

Media Specialist/Computer Coordinator
Rosholt School District
7743 Highway 66
Rosholt WI 54473
715/677-4541
715/677-3543 (Fax)
headams@mail.rosholt.k12.wi.us
Library Representative
Term expires 5/1/02

Vice President:

Ken Cole

Executive Director
Wisconsin Association of School Boards
122 W. Washington Avenue
Madison WI 53703
608-257-2622
608-257-8386 (Fax)
kcole@wasb.org
School Board Representative
Term expires 5/1/00

Mark D. Bugher

Director
University Research Park, Inc.
1265 WARF Building
610 Walnut Street
Madison WI 53705-2336
608/262-8610
608/265-2886 (Fax)
mbugher@facstaff.wisc.edu
State Government Representative
Term expires 5/1/01

Treasurer:

John W. Orth

Goliath Networks
910 17th Avenue
Grafton WI 53024
414/272-0265
414/278-6019 (Fax) } 2 414-690-7384
john.orth@usa.net
Business Representative
Term expires 5/1/01

Edward Chin

State Director
Wisconsin Technical College System
310 Price Place, P.O. Box 7874
Madison WI 53707-7874
608-266-1770
608-266-1285 (Fax)
chine@board.tec.wi.us
WTCS Representative
Term expires 5/1/01

Secretary:

Pamela Holmes

Director, Consumer & Regulatory Affairs
Ultratec, Inc.
450 Science Drive
Madison WI 53711
608-238-5400
608-232-3105 (TTY)
608-238-3008 (Fax)
pholmes@ultratec.com
Disabled Community Representative
Term expires 5/1/00

Bill Esbeck

Executive Assistant to Commissioner
Public Service Commission
610 N Whitney Way
Madison WI 53705
608-266-5473
608-266-3957 (Fax)
esbeck@psc.state.wi.us
Governor's Designee
Term expires 5/1/00

assigned
1/31/01.

**Wisconsin Advanced Telecommunications Foundation
Board of Directors**

Updated January 9, 2001

Larry E. Knegendorf

General Manager
Baldwin Telecom, Inc.
930 Maple Street
Baldwin WI 54002
715-684-3346
715-684-4747 (Fax)
larry.knegendorf@baldwin-telecom.net
Small Telephone Company
Term expires 5/1/02

Phillip W. Uekert

Director, State Government Affairs
AT&T
44 E Mifflin Street, Suite 600
Madison WI 53703-2877
608-259-2223
608-259-2203 (Fax)
puekert@att.com
Interexchange Carrier
Term expires 5/1/01

David M. Larkin

Chairman
Powercom Corporation
P.O. Box 683
Beaver Dam WI 53916
920-887-3148
920-885-2879 (Fax)
Cable, Resalers, Computer access provider
Term expires 5/1/00

Vacancy

Local Exchange Carrier Representative (2)
Local Government Representative
Small Telephone Company Representative
Teacher Representative
UW System Representative

Amy McGee Polasky

Legislative Director
Council for Affordable Health Insurance
612 Silent Sunday Court
Racine WI 53402
414-752-0137
414-752-0132 (Fax)
amcgeepo@att.net
Health Care Representative
Term expires 5/1/02

Robert J. Schaeffer

President-Senior Technologist
Technology Planners
20 Sunset Circle
Fond du Lac WI 54936-0742
920-923-1034
920-923-1086 (Fax)
rjschaef@techplanners.com
At-large Telecom. Service Provider
Term expires 5/1/00

UNOFFICIAL TEXT

Chapter 14

14.28



14.28

**14.28 Wisconsin Advanced Telecommunications Foundation.**

14.28(1)

**(1) Definitions.** In this section:

14.28(1)(a)



(a) "Foundation" means the Wisconsin Advanced Telecommunications Foundation.

14.28(1)(b)

(b) "Telecommunications provider" has the meaning given in s. 196.01 (8p).

14.28(2)

**(2) Foundation characteristics.** The governor may provide for the participation of this state in the formation and operation of the foundation if all of the following conditions are satisfied:

14.28(2)(a)

(a) The foundation is organized under ch. 181 and operated with the participation of this state and at least 5 telecommunications providers that operate in this state.

14.28(2)(b)



(b) The purpose of the foundation is to fund advanced telecommunications technology application projects and efforts to educate telecommunications users about advanced telecommunications services.

14.28(2)(c)

(c) Notwithstanding s. 13.94 (4) (b), the foundation is subject to full audit of all of its records and operations under s. 13.94.

14.28(2)(d)


(d) The foundation is considered to be an authority, as defined in s. 19.32 (1), and the records of the foundation are open to public inspection under ss. 19.31 to 19.39.

14.28(2)(dm)


(dm) The foundation is considered to be a governmental body, as defined in s. 19.82 (1), and meetings of the board of directors of the foundation and all committees of the foundation are open to the public under subch. V of ch. 19.

14.28(2)(e)


(e) The foundation, with the advice of the ethics board, adopts ethics guidelines applicable to its directors, employees and paid consultants which are similar to subch. III of ch. 19, except that the foundation may not require its paid consultants to file financial disclosure statements.

14.28(2)(f) 


(f) The governor is authorized to appoint, with the advice and consent of the senate, the majority of the directors of the foundation.

14.28(2)(g) 


(g) The foundation establishes an endowment fund for the purposes identified under sub. (3).

14.28(2)(h) 


(h) The foundation establishes a business plan that anticipates capitalizing its endowment fund with a total of \$25,500,000 received from telecommunications providers and from the appropriation under s. 20.855 (4) (d), 1993 stats., within 7 years after the foundation is organized.

14.28(2)(i) 


(i) If the foundation substantially ceases operations, all of the state's unencumbered contribution to the foundation's endowment fund will be returned to the state.

14.28(3) 


(3) Endowment fund.

14.28(3)(a) 

(a) The foundation may fund from the earnings of the endowment fund a project that does any of the following:

14.28(3)(a)1. 


1. Establishes a clearinghouse that matches potential projects that are consistent with the purposes of the foundation with interested funding sources.

14.28(3)(a)2. 


2. Demonstrates cooperative applications between telecommunications users or between telecommunications users and telecommunications providers, if the project is replicable, serves to impart knowledge or skills or meets a demonstrated need and does not compete with the private sector in the deployment of telecommunications infrastructure.

14.28(3)(a)3. 


3. Promotes the effective use of the telecommunications infrastructure.

14.28(3)(a)4. 


4. Educates telecommunications users about advanced telecommunications technologies, applications and alternatives and associated effects on privacy.

14.28(3)(a)5. 


5. Develops systems or procedures that assist individuals in applying information, produced through the application of advanced telecommunications and other information technologies, to create knowledge.

14.28(3)(b) 


(b)

14.28(3)(b)1. 


1. This state, a local governmental unit in this state, a public, educational or governmental access facility, as defined in 47 USC 522 (15), located in this state, an educational institution, library or health care information service located in this state or any other person located in this state may apply for funding under par. (a). A telecommunications provider is not eligible for funding under par. (a).

14.28(3)(b)2. 

2. The foundation shall give priority to funding applications received from local units of government, educational institutions and libraries and shall give additional priority to funding applications received from school districts in which the allowable percentage increase in revenue under subch. VII of ch. 121 is less than the statewide average and to school districts in which the allowable revenue per pupil under subch. VII of ch. 121 is less than the statewide average.

14.28(3)(b)3. 


3. The foundation shall consider other financial resources available to an applicant in evaluating funding applications.

14.28(3)(c) 


(c) A project funded under par. (a) shall require matching contributions at a level set by the foundation.

14.28(6) 

(6) Fast start fund.

14.28(6)(a) 

(a) In addition to the endowment fund under sub. (3), the foundation shall establish and administer an additional fund. Telecommunications providers shall contribute the following to the fund under this subsection:

14.28(6)(a)1. 

1. Before January 1, 1996, a total of \$2,000,000 in direct or in-kind contributions.

Unofficial text from Wis Stats. database. See printed Statutes and Wis. Acts for official text under s. 35.18(2) stats. Report errors to the Revisor of Statutes at (608) 266-2011, FAX 264-6978, email bruce.munson@legis.state.wi.us

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UNOFFICIAL TEXT

Chapter 14


14.28

14.28(6)


14.28(6)(a)

14.28(6)(a)2.




14.28(6)(a)2. 


2. Before January 1, 1998, in addition to the amount under subd. 1., a total of \$3,000,000, at least 50% of which shall be in direct contributions.

14.28(6)(b) 


(b) The foundation may use the resources available in the fund established under this subsection to fund any application that satisfies the criteria identified under sub. (3) (a) to (c).

14.28(7) 

(7) Additional contributors. Before January 1, 2002, the foundation shall attempt to raise from persons other than telecommunications providers a total of at least \$10,000,000 in direct or in-kind contributions to the endowment fund under sub. (3) and the fund under sub. (6).

14.28(8) 


(8) Reports.

14.28(8)(a) 


(a) Before January 1, 1997, and biennially thereafter, the foundation shall submit a report to the joint committee on finance and the joint committee on information policy and technology. The report shall include information about all of the following:

14.28(8)(a)1. 

1. The status of the capitalization of the endowment fund, including information on resources received, by contributors.

14.28(8)(a)2. 

2. The status of progress under sub. (7) in raising contributions from persons other than telecommunications providers.

14.28(8)(b) 

(b) If the foundation determines that it cannot capitalize the endowment fund as required under sub. (2) (h), the foundation shall submit a report to the joint committee on finance and the joint committee on information policy and technology before January 1, 2002. The report shall identify recommendations, including suggested legislation, for assisting the foundation in reaching its endowment fund capitalization level. In the report, the foundation shall consider the use of the universal service fund contribution collection mechanism under s. 196.218 (3) to reach the required capitalization level.

14.28 - ANNOT. 

History: 1993 a. 496; 1995 a. 225, 351; 1999 a. 29.



Legislative Fiscal Bureau

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

February 13, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Distribution of Assets of the Wisconsin Advanced Telecommunications Foundation to the State

The Board of Directors of the Wisconsin Advanced Telecommunications Foundation (WATF) acted on February 6, 2001, to dissolve the Foundation and distribute its remaining endowment fund assets to the State of Wisconsin. (The WATF action specifies that the distribution is to be made to the Department of Administration.) This memorandum provides information on the potential fiscal impact of these actions.

Under the terms of the WATF's articles of incorporation, the distribution of assets will occur once all liabilities and obligations of the organization have been discharged and any funds or assets have been returned to the original donors where such contributions were held on the condition that they be returned in the event of the Foundation's dissolution. The net remaining assets of the WATF are then to be distributed to the State "to be used exclusively for public purposes not inconsistent with the purposes for which this organization was formed." It is estimated that the amount of this one-time transfer of endowment fund assets could approach \$23.6 million.

The WATF was established in 1994 as part of legislation effecting a restructuring of the telecommunications industry in Wisconsin (1993 Wisconsin Act 496). The Foundation was established to create an endowment fund to support advanced telecommunications technology application projects and efforts to educate telecommunications users about advanced telecommunications services. The eligible purposes for which projects may be funded are specified under s. 14.28(3) of the statutes. These purposes are any of the following: (1) the establishment of a clearinghouse that matches potential grantees with funding sources; (2) the demonstration of cooperative applications between different telecommunication users or between users and providers; (3) the promotion of the effective use of telecommunications infrastructure; (4) the education of telecommunication users about advanced telecommunications technologies,

applications and alternatives and the associated effects on privacy; and (5) the development of systems or procedures that assist individuals in applying information, produced by advanced telecommunications and other information technologies, to increase knowledge.

Under provisions of s. 20.907(1) of the statutes, the Joint Committee on Finance is required to approve the acceptance of all gifts, grants, bequests and devises (unless otherwise provided by law) and designate an appropriation to which the funds should be credited. Until such time as the Committee acts, any distributions received from the WATF will be maintained by the State Treasurer in a custody account.

I hope that this information is helpful.

BL/bh

February 14, 2001

To the Atty of Record,

It is almost incredible that after all of the shady crap Hansen and Lightborn have pulled that this is the thing that may finally sink them. If you start by asking yourself how they got to be in charge of their departments, you have the wiff of scandal. A 75-year old asinine moron who has never taught in a classroom a day in her life, who knows zip about any technology since the demise of the dial phone is in charge of education tech?

Well, my husband says get to the point, so here are the facts:

Hansen went to the WATF (she has some oversight connection to them; they share an office with TEACH, both which she runs with an iron fist. Nothing significant happens in those offices without her stamp of approval. I see in the paper she claims to know nothing, right).

She went to the WATF and asked for \$500,000 figuring they would give it to her (after all, it's her agency). The board said no

She went to Steiger and said the WATF overlaps with TEACH and should be combined with TEACH. Steiger went to Thompson, who said yes

Hansen figured she'd get the 23-million, but Thompson called up his old buddy Bugher to help orchestrate the disolvement. Bugher and Hansen worked out a deal (with Lightborn, who Hansen didnt really want in on this thing) where Hansen would get some money but not all of it. Lightborn would get some for his tech people, too, plus some could go to pay down the debt.

This thing was originally set to go down in closed session at an earlier meeting, but Orth started asking questions. Hansen got nervous and arranged with Bugher to sit down with Hotter, bring her in on it, and try to

get Hotter to do the dirty work. Turns out Hotter didn't think this was such a good idea at all and was slightly insulted and mad. So they took the closed session off and hatched the plan for the Feb 6 meeting. Hotter arranged to not be there because she wasn't going to vote for disolvement but didnt think her opposing the disolvement would win her any points with Hansen or the Governer.

~~The key testimony would come from Gorsky.~~ She wont volunteer anything but if you ask her questions point by point she will give honest answers. Hansen told her point blank that she (Hansen) had orchestrated the WATF takedown. Hotter may be honest with you too if you get real specific. You can count on Hansen, Lightborn, Bugher and the rest to stick to their storys. For more on Hansen, see if the Governer's office heard from Charlie O

Good Luck,

Chelli Kincaid
Cassville, WI

WATF

Fast Start Target (Funded by AT&T, Ameritech and Verizon)	\$2,000,000
Industry Target by 12/31/2000	\$25,500,000*
Additional Funding by WATF Board by 1/1/2002	\$10,000,000
Endowment to be Created	\$35 + M

*Includes State of Wisconsin contribution of \$500K



WISCONSIN LEGISLATURE

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

February 16, 2001

George F. Lightbourn, Secretary
Department of Administration
101 East Wilson Street
PO Box 7864
Madison, WI 53707-7864

Dear Secretary Lightbourn:

As the Senate and Assembly co-chairs of the Joint Committee on Information Policy and Technology, we are very concerned about news of the dissolution of the Wisconsin Advanced Telecommunications Foundation and the transfer of its \$23 million endowment to the state.

We would like to learn from you the specifics of the administration's plans for use of the \$23 million. To that end, we have scheduled a public hearing regarding the matter for 1:00 p.m. on Thursday, March 1, 2001.

We each represent rural areas of the state with inadequate telecommunications infrastructure. Advanced telecommunications services that many people in the state are increasingly taking for granted are currently an unattainable luxury for most of our constituents. The Digital Divide is not a trendy buzzword to our constituents; it is a daily reality. The existence of a permanent WATF endowment could have done much to close that divide. If the endowment is to be liquidated and used for one-time expenses, it is essential that those expenses at least be related to the purposes for which the WATF was created.

The creation of the WATF was a crucial element of 1993 Act 496; this deregulation bill simply would not have passed were it not for the provisions creating the WATF. The goal and purpose of the WATF was to create a permanent endowment to provide a continual source of funding for advanced telecommunications projects in the state. Use of the endowment for one-time expenses may not be consistent with the legislature's intent.

In preparation for the hearing, we have a number of questions for you regarding the administration's intentions.

1. What is the exact status of the WATF's endowment? Has the money already been transferred to the state? If not, do you know how and when it will be transferred?
2. Recent press reports quote you as stating that the administration plans to allocate some but not all of the money via the governor's proposed budget. The WATF motion of February 6, 2001, dissolving the Foundation specified that all WATF

assets shall be transferred in full as a gift to the DOA for the "purposes of promoting and funding advanced telecommunications technology applications, products and efforts to educate technology users about such services and applications."

Please identify all appropriations the administration proposes for the funds and how those appropriations comply with the conditions stated in the WATF board's resolution.


- i) *What do you include in "advanced telecommunications technology applications, products and efforts?"*
 - ii) *How do you define "technology users?"*
 - iii) *How will you recommend that the WATF gift be allocated?*
 - iv) *Since the main purpose of the WATF was to establish a long-term endowment fund, will your recommendations include the creation of a state endowment fund for advanced telecommunications technology demonstrations, etc.?*
3. You have been quoted as saying that "the only place that we would even remotely consider using the dollars would be for technology related expenditures in the education area." This intention would appear to be in conflict with the desires of the WATF board, if it is a reference to giving the money to educational institutions. The WATF board specifically recommended in its resolution that the money be used to fund entities *other* than educational institutions. Please explain this discrepancy.
4. You have been quoted in the press as stating that dissolution of the WATF had been discussed in recent years. However, a review of all minutes of WATF board meetings for 1999 and 2000 reveals absolutely no mention of any such discussions. Please explain what discussions you were referring to when you said dissolution of the WATF had been discussed in recent years. Who discussed this matter, and with whom?
5. The WATF board's resolution terminated all *future* contribution or collection obligations upon dissolution. However, there are numerous telecommunications providers who have not met their incurred obligations to date to contribute to the WATF. These incurred but uncollected obligations currently exceed \$2.1 million. (The cellular industry's debt alone exceeds \$1.4 million.) Please tell us how the administration will ensure those obligations are collected.
6. We are concerned the administration may plan on using some of the WATF's money for the TEACH program. The mission and function of WATF was wholly different and separate from that of TEACH. Further, the TEACH program is currently the subject of an ongoing audit by the Legislative Audit Bureau. It may

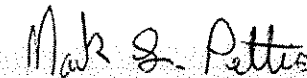
be best to put on hold any programmatic or funding changes in the TEACH program at least until completion of that audit. Does the administration in fact plan on using any of the WATF's endowment to subsidize the TEACH program?

7. The WATF motion also transfers and assigns to the TEACH board "all the authority, rights and obligations relating to contracts and grant awards"
- i) *For this transfer and assignment to take effect, TEACH has to agree to the transfer and assignment. When did TEACH agree to the transfer and assignment?*
 - ii) *Did any TEACH Board member or staff person consult with you or your staff on whether to accept these obligations? If so, did you consider recommending other state entities for this responsibility, such as the Public Service Commission under its Universal Service Fund responsibilities, or any conditions being placed on accepting this transfer and assignment?*
 - iii) *What liabilities, if any, will the state assume under this transfer and assignment?*

Thank you for your attention to this matter. We look forward to your response.

Sincerely,


Bob Jauch, Co-Chair
JCIPT


Mark Pettis, Co-Chair
JCIPT

Korbitz, Adam

From: Gorski, Jodi
Sent: Tuesday, February 20, 2001 1:42 PM
To: Korbitz, Adam
Subject: WATF-Legislative Reports

Here are the reports you requested. I did find one additional letter from 1997 which I also have attached. In terms of the actual attachments for these documents they are contribution reports which are updated continuously. If you would like to see the actual attachments that were sent with these documents, please let me know and I would be glad to fax them.



1999 letter to jf fin &
info p...



95-7b1enrpt.DOC



96CONTR1.DOC

Jodi L. Gorski
608/266-7878
jodi.gorski@teach.state.wi.us

Korbitz, Adam

From: Gorski, Jodi
Sent: Tuesday, February 20, 2001 11:07 AM
To: Korbitz, Adam
Subject: WATF Application Summaries

Adam,
The WATF offered the following application deadlines:
March 29, June 14, August 30 and November 29, 1996
February 14, May 16 and November 14, 1997
March 20, July 24 and November 20, 1998
April 14 and October 13, 2000

Below are attached summaries of each of the applications submitted for each of the funding deadlines. If you really would like to see the ones prior to November 1996, please let me know. I do not have them in electronic format and they are quite large in size for faxing. I will fax over the one for November 1998, since I am unable to locate the electronic copy (I think I may have accidentally deleted it a while back). Again, if you have any questions, please let me know.



96-4SMRY.DOC



97-1SMRY.DOC



SMRY97-2.DOC



SMRY97-3.DOC



Smry98-1.DOC



98-2summary.DOC



Application Summary
4-14.doc



Application Summary
10-13.doc

Jodi L. Gorski
608/266-7878
jodi.gorski@teach.state.wi.us



101 E. WILSON STREET, 6TH FL
POST OFFICE BOX 8761
MADISON, WI 53708-8761

PHONE: 608/266-7878
TOLL FREE: 800/870-9900
FAX: 608/261-7420
TTY: 608/266-1213

Facsimile Cover Sheet

To: Adam Korbitz	From: Jodi L. Gorski
Co.: Senator Jauch's Office	Email: jodi.gorski@teach.state.wi.us
Fax: 266-3580	Pages: 5
Phone:	Date: 02/20/01
Re: WATF Application Summaries	CC:

Urgent For Review Please Comment Please Reply Please Recycle

● **Comments:**

Adam,
Following is the application summaries for November 1998.

Wisconsin Advanced Telecommunications Foundation
 November 20, 1998 Funding Cycle Deadline - Summary of Proposals

Proposal Number	Applicant Name (Organization)	Project Description	Applicant Category	CESA Dist	Amount Requested	Project Budget	Targeted End Users
001-98-3	Montfort Public Library	Purchase of two computers, two printers, educational and office software bundles, and computer furniture.	Library	-	4,107	5,476	676
002-98-3	CAP Services, Inc.	Development of a comprehensive, Internet-based resource, the CAP-Net Virtual Business Incubator, to bring small business information, resources and education to rural small business owners.	Other	-	52,469	98,000	?
003-98-3	City of Oshkosh	Connect all City facilities with fiber in order to communicate with each local government operation.	Local Gov	-	300,130	400,174	?
004-98-3	Port Washington-Saukville School District	Create implementation model for small district of a fully integrated instructional management system to link Wisconsin standards to individual student progress.	Pub K-12	1	50,000	92,405	1,504
005-98-3	School District of Spooner	The Railroad Technology Depot project will create a foundation for a school-community technology partnership. 1) develop a model for "community" technology training; 2) provide technology resources; 3) maintain a community resource network.	Pub K-12	11	48,000	148,000	1,750
006-98-3	Sheboygan Area School District	Provide the necessary components to create an easy and secure environment for students to access, publish, evaluate, and interact with electronic resources.	Pub K-12	7	37,200	54,600	10,000
007-98-3	Frederic School District	The Team Teaching with Technology project will create a collaborative partnership with the school district teachers and students and UW-Stout teachers and students learning and team teaching together.	Pub K-12	11	48,765	72,765	350
008-98-3	St. Croix Central Schools	The Work Back To School project will greatly improve the communication between teachers, students and the community.	Pub K-12	11	49,941	113,941	2,200
009-98-3	Door County Memorial Hospital	The DCMH Internet Gateway project proposes to increase coordination of health care between DCMH, its entities, and outside conferring health care resources by expanding existing networks and their capacity for transfer of patient info.	Health Care	-	48,900	73,200	466
010-98-3	Village of Singer	Purchase of three Mobile Radio Modern Data Terminals to solve the department's problems of getting needed data on a timely basis. The units would also allow direct access to the state network.	Local Gov	-	21,494	28,659	20
011-98-3	School District of Plattville	Provide a high speed fiber optic network connecting Plattville's public and parochial schools, public library and university with each other and to the state wide Badger Net network.	Pub K-12	3	49,635	248,839	5,000
012-98-3	Wisconsin School for the Deaf	Creation and development of educational materials focused to meet the needs of deaf children through the use of multi-media authoring technology.	Pub K-12	2	50,000	67,544	198
013-98-3	Northern Waters Library Service	Link the catalogs and circulation processes of public libraries and schools and provide access to library catalogs around the world and have all the information and functions available to patrons, staff, and students from anywhere.	Library, Pub K-12	11	551,877	829,016	72,000
014-98-3	Wisconsin Child Care Resource & Referral Network, Inc.	Establish a statewide, on-line referral system with the desired outcome of ensuring that parents can gain immediate access to childcare provider info.	Other	-	44,036	59,136	3,000
015-98-3	City of Neenah	Implement a WAN over fiber optics to 7 remote sites. Will alleviate current communication, data sharing and network management difficulties.	Pub K-12	-	100,000	160,343	24,434
016-98-3	Wisconsin Public Broadcasting Foundation	TEACHING THROUGH TECHNOLOGY, a video series with accompanying web site and print materials for educators' professional development.	State Gov	-	45,000	90,000	55,862
017-98-3	K-12 Educational Telecommunications and Technology Consortium	MEDIUM IS THE METHOD project is a strategic approach to statewide resource sharing for development of educational technology training modules essential to Wisconsin educators, available on a self-paced schedule via the Internet.	Other	-	50,000	66,667	55,862
018-98-3	Virtual Library Learning Consortium	Innovative collaboration effort between the Public Library, the school district and the university to share technology resources to provide the most access to students and community members.	Higher Ed, Pub K-12	10	41,175	86,875	20,000
019-98-3	Viterbo College	Provide equipment needed in order for the college to efficiently and effectively transfer digitized information to over 7,600 graduate students throughout Wisconsin by means of electronic transmission.	Higher Ed	-	45,200	79,200	9,200
020-98-3	St. Thomas Aquinas Parish School	The Mobile Educational Resource Centers (MERC) bring information technology directly into the classroom to provide on the spot access to computer-based resources.	Priv K-12	-	31,180	41,680	1,491

Wisconsin Advanced Telecommunications Foundation
November 20, 1998 Funding Cycle Deadline - Summary of Proposals

Proposal Number	Applicant Name (Organization)	Project Description	Applicant Category	CESA Dist.	Amount Requested	Project Budget	Targeted End Users
021-98-3	St. Croix County Department of Health and Human Services	Expand the current county computer network system to include the Dept. of Public Health and all staff members' utilization of the computer network to improve the efficiency and effectiveness of their work.	Local Gov	-	49,122	64,122	21
022-98-3	Emergency Management	Installation of four frequencies at the Sheriff's Dept. 911 center and back-up communications center.	Local Gov	-	14,500	25,000	82,906
023-98-3	Village of Fontana Police Department	A mobile data computer will be installed in each squad car along with the needed hardware and software; data terminal at the police dept. and a new voice mail system.	Local Gov	-	23,850	31,800	6,000
024-98-3	School District of New London /New London Public Library	Implement "The Community Library Network" to connect the public library to the district's infrastructure to provide all public school students and library patrons access to the district's holdings, the public library holdings, and the Internet.	Pub K-12, Library	6	50,000	176,600	2,517
025-98-3	Kaukauna Area School District	Improve students' written language skills and boost community-school relations via increased Internet and e-mail communication made possible by connecting district facilities with high-speed data lines.	Pub K-12	6	50,000	73,500	3,556
026-98-3	Jackson County	Expand tourism throughout the county through the installation of 10 informational kiosk stations throughout the county.	Local Gov	-	50,000	94,000	80,000
027-98-3	City of Darlington Police Department	Acquisition of four computers dedicated to the use of enhanced communications between officers with the police dept. and other county agencies. Development of a web page and one computer available for community access.	Local Gov	-	5,605	7,473	2,300
028-98-3	Washburn County Public Health/Home Care	Increase the immunization rates for children through telecommunication linkages between all immunization providers in Washburn County.	Local Gov	-	38,445	63,445	3,880
029-98-3	East Troy Community Schools/University of Wisconsin-Platteville	SciTech will build a collaborative effort to create videoconferencing connections to help students meet state science standards using technology. Participants will receive training in distance learning to become engaged learners.	Pub K-12, Higher Ed	2	50,000	86,379	1,300
030-98-3	Greater Outagamie County Economic Development Corporation	Combine resources to create marketing presence on the web for economic development. Create Intranet for provision of educational resources and instruction partnership with UW Extension and Outagamie County.	Other	-	34,540	54,040	22,500
031-98-3	School District of Niagara	Automation and development of training weblinks with the school district libraries in elementary and high schools enabling better access of information.	Pub K-12	8	50,000	65,343	602
032-98-3	Clark County	1) Upgrade all PCs; 2) upgrade GIS network to a client-server network; 3) implement Internet Map Server technology; and 4) pilot project with Neilsville school district to implement GIS technology into the classroom.	Local Gov	-	47,495	262,903	32,000
033-98-3	Lakeland Union High School	Provide hardware and software to strengthen the Lakeland Area Consortium Distance Learning Network and make the small, rural public libraries serving our communities virtual partners in many ways.	Pub K-12	9	50,000	60,000	4,000
034-98-3	North Central Wisconsin Regional Planning Commission	Development of the first planning library/database in the state. Expand and increase computer, Internet and email technology.	Other	-	16,750	22,450	100,000
035-98-3	Town of Bloomfield Police Department	Installation of a new enhanced dept. computer system; upgrading existing squad car phones/pagers; installing lap top computers in each squad vehicle; and a mobile data terminal in the police station.	Local Gov	-	32,000	42,000	10,000
036-98-3	Children's Hospital of WI	Develop a real-time computerized network between the 2 existing Poison Control Centers in the state, which will enhance delivery of information to residents by upgrading service capabilities.	Health Care	-	55,212	87,212	45,000
037-98-3	Fairview Elementary School (Milwaukee Public Schools)	Purchase five video conferencing units, allowing the school community to offer formal instruction, connect with guest speakers and experts, collaborate in multi-school projects, access various resources for professional development, activities and community events.	Pub K-12	1	47,995	64,895	1,615
038-98-3	The Pump House Regional Arts Center	Provide Internet access and training to rural high school art students and teachers to enable them to research art and to establish interactions with other rural high school art students and teachers through the Pump House web site.	Other	-	17,860	26,200	2,000

Wisconsin Advanced Telecommunications Foundation
November 20, 1998 Funding Cycle Deadline - Summary of Proposals

Proposal Number	Applicant Name (Organization)	Project Description	Applicant Category	CEEA Dist.	Amount Requested	Project Budget	Targeted End Users
039-98-3	School District of Rhineland	Integrate technology into the 9 th grade science curriculum. Staff and students will be trained on use of web authoring software and gain access to multimedia technology.	Pub K-12	9	26,670	33,470	344
040-98-3	Saint Peter-Immanuel Lutheran School	1) Networking of all computer to each other and to a 56K line; 2) purchase and installation of twenty new computers; 3) Training of teaching staff members in the effective application of new networked technology; 4) purchase of new software programming.	Priv K-12	1	48,500	69,600	600
041-98-3	Wisconsin Procurement Institute Educational and Training Services	Through training and in-plant technical development this program will assist small firms, as vendors to larger firms and in direct government sales, where the preferred method of contracting is through electronic commerce.	Other	-	35,227	46,970	100
042-98-3	Madison Area Technical College	Develop a videoconferencing infrastructure that links MATC, Jefferson County Jail, Dane County Jail System and Division of Community Corrections.	Higher Ed, State Gov, Local Gov	-	50,000	104,112	1,266
043-98-3	Edgewood High School	The Home/School Communications Project will be facilitated via a web page which will allow parents and/or students to communicate with counselors and teachers via e-mail, provide course and counselling information, and point to other valid academic web sites.	Priv K-12	-	40,115	94,339	1,000
044-98-3	Cooperative Educational Service Agency #2	Create a user-interface application that will allow educational institutions and communities to access, analyze and map a variety of information through utilization of the worldwide web.	Pub K-12	2	50,000	71,300	?
045-98-3	School District of Manawa	1) Complete the development of a LAN within each building and administrative area; 2) train staff to effectively use technology to improve their professional skills; 3) integrate technology into the curriculum; 4) develop a partnership with the community, and provide them with access to technology.	Pub K-12	6	50,000	72,000	1,500
046-98-3	School District of Lomira	Develop programming options for its at-risk student population by integrating technology into the curriculum using Plato educational software. A learner-center lab will be equipped to deliver the program to students and community.	Pub K-12	1	45,978	764,632	4,000
047-98-3	School District of South Milwaukee	Provide an up-to-date multimedia facility for the entire school district, including the city of South Milwaukee, to educate our constituents on technology uses in our advancing society.	Local Gov	-	48,567	83,863	20,000
048-98-3	City of Waupaca	Establish a "Virtual City Hall" which will enhance information exchange and customer service between City Hall and city residents, businesses and visitors to the area.	Local Gov	-	48,567	83,863	20,000
049-98-3	School District of Bangor	1) Upgrade all classroom and lab computers to be able to connect to the Internet; 2) build a multimedia center; 3) train staff and students; 4) apply technology to new curricular standards; and 5) community access.	Pub K-12	4	59,100	79,000	800
050-98-3	Milwaukee Public Schools Global Learning Center	Make portable computers available to and train every student to maximize learning in a globally centered curriculum of a new model-building innovative public school and train all staff and one family member of all students to use computer technology.	Pub K-12	1	80,000	222,000	100
051-98-3	United Community Center	Provide a network of portable computers for students, parents, and adults of the community to have access to latest technology for continued educational and career opportunities.	Other	-	50,000	71,200	1,000
052-98-3	Troops to Teachers, WDVA	This project builds and tests four innovative models, which solve AGME (Academic Credit for Military Experience) problems for Troops to Teachers candidates and expand services using advanced technologies and telecommunications.	State Gov	-	50,000	75,000	100
053-98-3	North Shore Cable Commission	Create a broadcast channel to train firefighters of a 7-community coalition with cable and teleconferencing.	Other	-	50,000	119,422	70,000
054-98-3	La Crosse County Health Department	Establish a model web site for public health services and educational that includes an interactive system for renewing permits and governmental forms.	Local Gov	-	48,750	70,000	100,000

Wisconsin Advanced Telecommunications Foundation
 November 20, 1998 Funding Cycle Deadline - Summary of Proposals

Proposal Number	Applicant Name (Organization)	Project Description	Applicant Category	CEEA Dist.	Amount Requested	Project Budget	Targeted End Users
055-98-3	College of Menominee Nation	Connect College to distance education resources and Internet; extend these resources to remote sites at Stockbridge-Munsee and Potawatomi Nations. Link College to Tribal MIS LAN and extend LAN to three community service centers.	Higher Ed	-	49,000	74,000	850
056-98-3	Pius XI High School	1) Upgrade the ISDN line; 2) extend the Ethernet network to all floors and computer labs; 3) create an additional networked computer room; 4) implement infrastructure for five study rooms; and 5) wiring to the Library/Media Center.	Priv K-12	-	50,000	98,000	1,635
057-98-3	Hemstead High School (Mequon-Thiensville School District)	Provide appropriate hardware and software to maximize the telecommunications component of the Product Development Project (Kelch Assembly/Hemstead High School Partnership)	Pub K-12	1	48,000	64,200	300



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

February 26, 2001

Honorable Robert Jauch, Co-Chair
Joint Committee on Information
Policy & Technology
Wisconsin State Senate
Room 313 South, State Capitol
Madison, WI 53702

Honorable Mark Pettis, Co-Chair
Joint Committee on Information
Policy & Technology
Wisconsin State Assembly
Room 5 North, State Capitol
Madison, WI 53702

Dear Senator Jauch and Representative Pettis:

I am writing in response to your letter of February 16, 2001, seeking information regarding the administration's plans for the transfer of the Wisconsin Advanced Telecommunication Foundation's (WATF) endowment fund to the State. The WATF is not attached to the Department of Administration or any other state agency and, as such, acts as an independent body in its decision making. Nonetheless, I will answer the questions posed in your letter to the best of my ability.

1. What is the exact status of the WATF's endowment? Has the money already been transferred to the State? If not, do you know how and when it will be transferred?

On February 6, 2001 the WATF board of directors approved a resolution to dissolve. To my knowledge, no further action has been taken to effectuate the resolution. Because no articles of dissolution have been filed, nor a gift or transfer instrument has been submitted to the Joint Committee on Finance as required by law, the Endowment Fund remains in the WATF's custody and control. The funds are invested under the management of an investment firm engaged by the WATF. Thus, no monies have been transferred to the State. I do not know the WATF's timetable for completion of the dissolution process.

February 26, 2001

Page 2

2. Please identify all appropriations the administration proposes for the funds and how those appropriations comply with the conditions stated in the WATF Board's resolution.

Please see the attached breakdown of the proposed appropriations for which WATF funds, assuming dissolution, were identified as funding sources. Of the estimated \$21.76 million dollar value of the gift, only \$13.46 million has been identified.

Under its resolution, the WATF's assets gifted to the State of Wisconsin must be used in a manner consistent with the purposes set forth in its enabling legislation and articles of incorporation. Such a gift would be made under section 20.907, Stats., which requires the Joint Committee on Finance to accept it under the terms of the gifting instrument, or to decline it. Thus, it will be the province of the Legislature to determine how and where the moneys accepted are to be used.

The proposed 2001-03 biennial budget makes no specific recommendation to establish a long-term endowment fund.

3. You have been quoted as saying that "the only place that we would even remotely consider using the dollars would be for technology related expenditures in the education area." This intention would appear to be in conflict with the desires of the WATF board, if it is a reference to giving the money to educational institutions. The WATF board specifically recommended in its resolution that the money is to be used to fund entities other than educational institutions. Please explain this discrepancy.

The Board indeed made a recommendation to the Legislature to consider funding entities other than educational institutions. They made this recommendation in order to be consistent with the funding provisions in the WATF implementing legislation. It will be up to the Legislature to determine to what extent those recommendations will be followed.

4. Please explain what discussions you were referring to when you said dissolution of the WATF had been discussed in recent years. Who discussed this matter, and with whom?

In board and subcommittee meetings in relation to discussion of other topics, specifically in regard to the overlap between TEACH and the WATF program missions and funding goals, and in general conversations with board members. Discussions have also occurred regarding the WATF's difficulty in defining "advanced and innovative technology," the absence of statutory authority to compel telecommunications providers to make contributions, and the relatively small percentage of projects funded to applications received.

5. The WATF board's resolution terminated all future contribution or collection obligations upon dissolution. However, there are numerous telecommunications providers who have not met their incurred obligations to date to contribute to the WATF. These incurred but uncollected obligations currently exceed \$2.1 million. (The cellular industry's debt alone exceeds \$1.4

February 26, 2001

Page 3

million). Please tell us how the administration will ensure those obligations are collected?

As you are aware, the Legislature has never provided the WATF with any mechanism to compel telecommunications industry contributions that were agreed to ensure passage of 1993 Wisconsin Act 496. In fact, approximately 87% of the moneys collected to date come from only three telecommunications providers. The State of Wisconsin and 40 other telecommunications providers have provided the remaining percentage. This has been a matter of long-standing concern with the WATF. (Telecommunications providers do support TEACH funding through the Universal Service Fund, however.)

Incidentally the Department of Administration has no specific authority to compel contributions either.

6. Does the administration in fact plan on using any of the WATF's endowment to subsidize the TEACH program?

Potentially gifted WATF funds have not been earmarked as a funding source for TEACH, beyond amounts required to allow for it to implement any remaining grant payments for grant awards made prior to WATF dissolution.

7. The WATF motion also transfers and assigns to the TEACH board "all the authority, rights and obligations relating to contracts and grant awards. . ."

The Joint Committee on Finance would presumably direct TEACH to follow the gifting conditions if the gift is accepted. I should also note that TEACH and the WATF have had a symbiotic relationship memorialized in a "Shared Services and Resources" agreement since July of 1998. Under this agreement, both entities share administrative resources and staff duties as needed. In anticipation of the acceptance of the gift and its terms, the TEACH executive director has consulted with DOA staff regarding the proposed transfer of grant and contract obligations.

Known liabilities through the date the resolution was passed, February 6, 2001, total \$571,158 for grant payments yet to be made for grants awarded prior to that date.

Please contact me if you have any further questions.

Sincerely,


George Lightbourn
Secretary

CURRENT WATF FUNDING COMMITMENTS (ASSUMES WATF DISBANDS)

	FY02	FY03	BIENNIUM
DPI			
1) WINNS (DPI's School Report Card)	\$579,000	\$0	\$579,000
2) Improve the school financial data reporting system	\$77,800	\$0	\$77,800
3) Center/school for Blind IT upgrades	\$526,000	\$0	\$526,000
4) Library for Blind IT upgrades	\$161,600	\$0	\$161,600
5) Fund existing FTE position at TEACH	\$68,100	\$68,100	\$136,200
6) Existing WATF grants	\$566,200	\$0	\$566,200
7) Geography endowment fund	\$500,000	\$0	\$500,000
UW System			
8) WI ADL Co-Lab (w/ Defense Dept/ WTCS)	\$1,000,000	\$0	\$1,000,000
9) Learning Innovations (UWLI)	\$3,000,000	\$0	\$3,000,000
10) Wisconsin Worldwide: Marketing UW courses internationally (UWLI)	\$250,000	\$0	\$250,000
11) "Tech Star" - research grants to Milw. area ed. institutions: UWM, Marq., MCW, MSOE (appn. in COMMERCE)	\$1,500,000	\$0	\$1,500,000
12) Wireless Networking (for laptops)	\$500,000	\$0	\$500,000
13) Internet 2	\$2,000,000	\$0	\$2,000,000
14) Digital Mammography Machine	\$500,000	\$0	\$500,000
WTCS			
15) Create a WTCS Virtual Campus	\$1,000,000	\$1,000,000	\$2,000,000
HEAB			
16) IT project (upgrade)	\$88,300	\$80,000	\$168,300
<hr/>			
TOTAL (all)	\$12,317,000	\$1,148,100	\$13,465,100
<hr/>			
TOTAL WATF FUNDS AVAILABLE			\$21,760,000
BALANCE REMAINING			\$8,294,900

Korbitz, Adam

From: Jay Moynihan [jmoynihan@nwls.lib.wi.us]
Sent: Wednesday, February 28, 2001 11:45 AM
To: Sen.Jauch@legis.state.wi.us; Rep.Pettis@legis.state.wi.us
Cc: jairoldi@nwls.lib.wi.us; jenningsj@ci.superior.wi.us
Subject: NWLS: submission of Comment to joint Committee on Information Policy and Technology re WATF funds

Comment for Joint Committee on Information Policy and Technology hearing at 1 PM Thursday, March 1, 2001.

Submitted by:
Northern Waters Library Service
3200 East Lakeshore Drive
Ashland, WI 54806
(715) 682-2365
www.nwls.lib.wi.us

Writer: Jay Moynihan, Information Services Librarian. jmoynihan@nwls.lib.wi.us

Regarding the dissolution of the Wisconsin Advanced Telecommunications Foundation and the administration's plan for appropriations of the Foundation's \$23 million endowment

Thank you for this opportunity to comment upon the disposition of the funds belonging to the WATF. I am submitting this comment on behalf of NWLS. We serve 31 public libraries in eight counties of Northern Wisconsin. I have also written a number of successful applications for WATF funds and assisted in the development of others. I am very familiar with the program, its purposes and how it was actually applied. I am also very familiar with the information technology infrastructure in Northern Wisconsin, as to public libraries and in other sectors.

The guiding principle for how the funds should be reallocated should be:

1. Fair distribution or application. This means that the funds will be used to help libraries that need to be brought up to desired technological service levels. The funds should be applied to stem the "information technology gap" that currently exists in Wisconsin, between rural and northern libraries on one hand, and the urban and southern libraries on the other.
2. The funds should be applied to assist rural and northern libraries to meet the goals of the State of Wisconsin's "Wisconsin Library Technology Strategic Plan" (<http://www.dpi.state.wi.us/dlcl/pld/techplan.html>).

Innovative application of advanced information and telecommunications technology was the driving force behind the WATF. It is important to consider that one of the problems with the WATF was the pronounced disparity of applicants. Most of the grant awards went to "those who already have". What is advanced or innovative depends where you are talking about. It is not of lasting value to poorer public libraries and their communities to have some "cutting edge" project awarded somewhere when you are still trying to get a dedicated high-speed line to the Internet or trying to figure out where to get the money to automate. In our service area, these are advanced.

To be fair, the funds must be available to all public libraries no matter what their current technology level. Indeed, the funding should be directed to equalize the technology levels.

The vision of the Wisconsin Library Technology Strategic Plan is:

"Access for anyone, from anywhere, at any time:

All Wisconsin residents have equitable, convenient, and universal access to the information and knowledge resources they need to meet personal, work, educational and community goals. This is facilitated by the participation of Wisconsin libraries in statewide networks linking library resources through appropriate technology and technology standards."

Among the objectives set out to reach this vision are:

All libraries in Wisconsin will have direct Internet access to facilitate participation in the network.

Electronic library information systems are linked to the network, including **shared** and individual **automated library systems** and interlibrary loan systems.

The state facilitates the development of shared automated systems to facilitate resource sharing.

This plan was developed following input from libraries from across the state.

That input included (quoting from the plan):

*"Technical Assistance Issues: The **top recommendations in this area included setting a base level of funding to provide adequate hardware / software / high-speed Internet connections in every public library**, and a state-defined minimum standard for hardware/software and network access. Also mentioned was the need for a hierarchy of state and regional level specialized personnel in such areas as technology implementation, Web page design, network design/administration, training and security. "*

The Wisconsin Library Technology Strategic Plan states in part:

"The term "statewide library network" is used only in the conceptual sense. The evolving network will *not* be a single structure. Such a structure is neither feasible nor desirable in the age of decentralized and distributed networks or at a time when repositories of information are similarly decentralized and distributed. Rather, a statewide library network will be an interconnected network of local, regional and statewide networks. "

and;

"A statewide library network will also seek to provide some degree of access for libraries now isolated from the networked world, ensuring them a basic level of both network participation and access to information."

The WATF funds should be used to implement the state's existing plan, for all public libraries in the state. This is not only a public library issue. The local library is a key component in the local information access infrastructure of its community. In today's world, and in the future, this issue is a basic economic development issue. Both as to the capabilities of state residents and the attraction of new employers.

Again, thank you for this opportunity to comment upon this important issue.

Jay Moynihan

Jay Moynihan
Northern Waters Library Service
3200 East Lakeshore Drive
Ashland, WI 54806 U.S.A.
jmoynihan@nwls.lib.wi.us
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Again, thank you for this opportunity to comment upon this important issue.

Jay Moynihan

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jmoynihan@nwls.lib.wi.us
www.nwls.lib.wi.us

BOB JAUCH

WISCONSIN STATE SENATOR

February 28, 2001

To: Members, Joint Committee on Information Policy and Technology

From: Senator Bob Jauch, Co-Chair

Re: Materials for March 1 hearing re: WATF dissolution

Attached are several background materials for tomorrow's hearing.

1. Public Notice issued by WATF board under Open Meetings law regarding its Feb. 6, 2001, meeting at which is dissolved. Note the complete lack of any mention regarding the board's intention to dissolve.
2. Minutes of the board's February 6, 2001, meeting, at which it voted to dissolve.
3. The board's actual motion to dissolve.
4. The board's press release of February 8, 2001, announcing its vote to dissolve.
5. A February 10, 2001, article from The Capital Times regarding the dissolution.
6. Letter of February 16, 2001, from Sen. Jauch and Rep. Pettis, to Secretary Lightbourn.
7. Secretary Lightbourn's response, dated February 26, 2001.
8. Memo of February 13, 2001, from Bob Lang to JFC re: Distribution of WATF's assets.
9. Minutes of the WATF board's December 4, 2000, meeting, which was its last regular meeting prior to its February 6, 2001, meeting.
10. A copy of sec. 14.28, Stats., re: WATF
11. A list of the WATF board of directors.
12. Relevant budget drafts re: disposition of the WATF endowment money, prepared by Steve Milioto of the state budget office.
13. A list of all contributions to WATF from 1995-2001.
14. Another list showing all telecommunications providers, amounts billed, amounts collected and amounts still owed to WATF.



BOB JAUCH
WISCONSIN STATE SENATOR

**OPENING STATEMENT OF SENATOR BOB JAUCH
REGARDING THE DISSOLUTION OF THE WATF**

Joint Committee on Information Policy and Technology

March 1, 2001

I asked Rep. Pettis to agree to this hearing because of the grave concern I have over the dissolution of the Wisconsin Advanced Telecommunications Foundation, the transfer of the Foundation's \$23 million endowment to the state, and quite frankly the lack of straight answers to straight questions about this matter.

Eliminating the WATF unravels a crucial thread that was woven into the fabric of telecommunications deregulation seven years ago. The creation of the Foundation was a crucial element of 1993 Act 496. That deregulation bill simply would not have passed unless the telecommunications providers had come to the table and agreed to fund the Foundation. The goal and purpose of the WATF was to create a permanent endowment to provide a continual source of funding for advanced telecommunications projects in the state. Use of the endowment for one-time expenses is not consistent with the legislature's intent in creating the WATF.

If the endowment is to be liquidated and used for one-time expenses, it is essential that those expenses at least be related to the purposes for which the WATF was created.

I want to outline the general issues that I hope this hearing will shed some light on. The documents I will refer to were distributed to committee members yesterday.

As an initial question, I have grave concerns over the complete lack of any intelligible notice by the Foundation's board of directors to the public, the legislature or any one else for that matter, that they intended to take this action. The board is subject by statute to the state's open meetings law. Yet they did not see fit to let the public know they were considering such a drastic step as to dissolve this Foundation.

Curiously, although the public and the legislature did NOT know what the board was about to do, the administration's budget office DID know. This is reflected by the minutes of the board's February 6, 2001, meeting.

Either the administration somehow knew what the board was about to do, or it was incredibly clairvoyant, because they had the foresight to make sure the budget office

was there. So the administration knew. But no one bothered to notify the public or consult the legislature.

This does not pass the smell test. I want to know: Who told the state budget office that the board was going to take this action, and when were they told?

I have learned from LRB that the administration submitted its first drafting request for disposal of the Foundation's endowment on December 29, 2000.

This is incredible. The minutes of the board's December 4, 2000, meeting clearly reflect that the board anticipated it would continue to perform its mission well into the year 2001 and beyond. The minutes do not reflect any contemplation that the board would dissolve. Yet the state budget office was already planning for that event. My office has already been told by budget office staff that they began planning for the Foundation's dissolution as early as November.

The one member of the board who had the courage to vote against this proposal has been quoted in the press as saying the administration strong-armed them into dissolving so the money would be available to help with a tight state budget. He says the board was told that, if they did not dissolve themselves, the administration would propose doing so in its biennial budget.

I want to know if that charge is true. It does not appear to me that there is any legal way the legislature could have eliminated a private, non-profit foundation even if it wanted to. If that threat was made, it was an empty one.

Who came up with the idea to dissolve? Who brought that idea to the administration? Who sold that idea to the board? How did that happen, when did that happen, and in what order?

Is anyone in this room willing to take ownership or responsibility for this? Have the people who are responsible for this proposal even bothered to show up here today?

The claim has been made that the board's action was justified because of a lack of grant applications. I find that claim curious. During their last six-month grant cycle the board received 40 applications, of which it funded seven. During the cycle before that, the board funded five of 38 applications. Over the life of the Foundation it funded 194 projects with over \$7 million in cash and in-kind support. The Foundation's business plan had called for the accumulation of an endowment of more than \$40 million by 2002. ✓

Another issue is the \$2.1 million in billed but uncollected donations owed by several telecommunications providers to the Foundation. Over \$1.4 million of this is owed by the cellular industry alone. I want to know if these providers are going to step up to the plate and fulfill their moral obligation. Does the administration have any plans to at least use their moral suasion to persuade these providers to pay?

The bigger issue, however, is the wisdom of spending this endowment on new, one-time expenditures that may or may not be related to the Foundation's purpose.

I understand full well that this is a tight budget year. But who among us would manage our family finances in this manner? Who would spend away their entire savings account for NEW items simply because of a temporary cash-flow shortage? Once this endowment is gone, it is gone for good. We will not see it again.

The very least we can do is ensure that if it is spent it is spent wisely, and for a purpose that matches the intent with which it was collected.

Now, I understand that there are many worth causes here today who are targeted in the Governor's budget to receive the Foundation's money and put it to admittedly worthy uses. Let me make one thing clear to those who are getting the Foundation's money: You have no more right to this money than you do to the money in my children's savings accounts. It is a gift, albeit one that was likely given under threat and duress.

Do not treat it like an entitlement. It is not. It was not ever intended for your use. The groups it was intended for have been disenfranchised by the actions of the board and the administration. Do not forget that.



**WISCONSIN LEGISLATIVE COUNCIL
STAFF MEMORANDUM**

TO: SENATOR ROBERT JAUCH

FROM: John Stolzenberg, Staff Scientist

RE: Background Information on the Wisconsin Advanced Telecommunications Foundation

DATE: March 1, 2001

This memorandum was prepared in response to your request for background information on the purpose and origin of the Wisconsin Advanced Telecommunications Foundation (WATF) and on the telecommunications industry support for the WATF during the Legislature's review of bills authorizing state participation in the WATF. This information is provided below.

PURPOSE OF THE FOUNDATION--STATUTORY REQUIREMENTS

State participation in the formation and operation of the WATF was originally authorized by 1993 Wisconsin Act 496, a law that contained a number of other provisions relating to the regulation of the telecommunications industry.

Conditions on state participation: In particular, this act authorized by the Governor to provide for the state's participation if all of the following conditions were satisfied [see s. 14.28 (2), Stats.]:

1. The foundation is organized as a nonprofit organization that is operated with the participation of the state and at least five telecommunications providers that operate in the state.
2. The purpose of the foundation is to fund advanced telecommunications technology application projects and efforts to educate telecommunications users about advanced telecommunications services.
3. The foundation may be audited by the Legislative Audit Bureau.
4. The foundation is subject to the state's Open Records and Open Meetings Laws.
5. The foundation adopts ethics guidelines applicable to its directors, employees and paid consultants similar, in general, to the State Ethics Code.

6. The Governor is authorized to appoint, with the advice and consent of the Senate, the majority of the directors of the foundation.

7. The foundation establishes an endowment fund with the purposes specified below.

8. The foundation establishes a business plan that anticipates capitalizing its endowment fund with a total of \$25.5 million from the state and telecommunications providers within seven years after the foundation is organized.

9. If the foundation substantially ceases operations, all of the state's unencumbered contribution to the foundation's endowment fund is returned to the state.

State Contribution: Act 496 appropriated to the WATF's endowment fund \$500,000 in general purpose revenue in fiscal year 1994-95, subject to the endowment fund receiving a direct match of at least \$1 million from telecommunications providers. This one-time appropriation sunsetted on June 30, 1995.

Fast start fund: Act 496 also directed the WATF to establish a second fund, the "fast start fund," to which telecommunications providers must contribute at least \$2 million in direct or in-kind contributions by January 1, 1996 and an additional \$3 million, at least 50% of which must be direct contributions, by January 1, 1997.* The act also directed WATF to attempt to raise before January 1, 2002, at least \$10 million in direct or in-kind contributions to its endowment or fast start funds from persons other than telecommunications providers.

* 1995 Wisconsin Act 351 changed this date from January 1, 1997 to January 1, 1998.

The following table summarizes all of the contributions to the WATF specified in the statutes.

**SUPPORT OF THE WISCONSIN ADVANCED
TELECOMMUNICATIONS FOUNDATION**

[Based Upon Timely Receipt of All Contributions Specified in s. 14.28, Stats., as Created by 1999 Wisconsin Act 496 and Amended by 1995 Wisconsin Act 351]

<i>Source of Contribution</i>	<i>Date Contribution Due</i>	<i>Conditions on Contribution</i>	<i>Endowment Fund (Direct Contributions)</i>	<i>Fast Start Fund (Direct or In-Kind Contributions)</i>
State of Wisconsin	June 30, 1995	Released only if the endowment fund receives at least \$1 million from telecommunications providers by June 30, 1995	\$500,000	
Telecommunications Providers	June 30, 1995		\$1,000,000	
Telecommunications Providers	January 1, 1996			\$2,000,000
Telecommunications Providers	January 1, 1998 ¹	At least 50% must be direct contributions		\$3,000,000
Telecommunications Providers	January 1, 2002		\$24,000,000	
Persons Other Than Telecommunications Providers	January 1, 2002			\$10,000,000 ²
TOTAL			\$25,500,000	\$15,000,000

¹ 1995 Wisconsin Act 351 changed this date from January 1, 1997 to January 1, 1998.

² The contributions from persons other than telecommunications providers may be to the endowment fund or the fast start fund. Contributions from these persons to the endowment fund are not credited towards the required \$25.5 million capitalization of the endowment fund.

Eligible projects: Act 496 also established that earnings from the foundation's endowment fund and resources in the fast start fund may be used to fund any of the following types of projects [see s. 14.28 (3) (a), Stats.]:

1. A clearinghouse that matches potential projects that are consistent with the purposes of the foundation with interested funding sources.
2. Demonstration of cooperative applications between telecommunications users or between telecommunications users and telecommunications providers, if the project is replicable, serves to impart knowledge or skills or meets a demonstrated need and does not compete with the private sector in the deployment of telecommunications infrastructure.
3. Promotion of the effective use of telecommunications infrastructure.
4. Education of telecommunications users about advanced telecommunications technologies, applications and alternatives and associated effects on privacy.
5. Development of systems or procedures that assist individuals in applying information, produced through the application of advanced telecommunications and other information technologies to create knowledge.

Persons eligible to receive assistance: Under Act 496, any of the following entities were to be eligible for funding from the WATF: the state, any local governmental unit in the state, a public, educational or governmental cable television access facility, as defined in federal law that is located in Wisconsin, an educational institution, library or health care information service based in Wisconsin or any other person located in Wisconsin other than a telecommunications provider. The act also directed the WATF to give priority to funding applications from local units of government, educational institutions and libraries with additional priority for school districts with below average allowable revenues or revenue increases under state revenue caps.

Reports: Before January 1, 1997, and biennially thereafter, Act 496 directed the WATF to submit a report to the Joint Committee on Finance and the Joint Committee on Information Policy and Technology that summarizes the status of the capitalization of its endowment fund and progress in raising the \$10 million in contributions from persons other than telecommunications providers. Act 496 also established that, if the WATF could not capitalize its endowment fund at the target level (\$25.5 million within seven years after the foundation was organized), the WATF must report to the Joint Committee on Finance and the Joint Committee on Information Policy and Technology by January 1, 2002 with recommendations, including suggested legislation, for assisting the WATF in reaching its endowment fund capitalization level. The report must include consideration of the use of the Universal Service Fund contribution collection mechanism also created by Act 496 to reach the required capitalization level.

ORIGIN OF THE FOUNDATION

Act 496 was designed to implement five recommendations of the Governor's Blue Ribbon Telecommunications Infrastructure Task Force. This Task Force issued its final report on November 8, 1993. As explained below, one of these recommendations related to the creation of a public-private

foundation to assist in funding telecommunications technology application projects and efforts to educate users about telecommunications, as described below.

Part of the report of the Task Force addressed the stimulation of private sector deployment of an enhanced telecommunications infrastructure in Wisconsin. In this regard, the Task Force stated:

The telecommunications infrastructure envisioned by the Task Force can be created only when sufficient demand for advanced telecommunications services accumulates to make major capital investments appear potentially profitable. Prospects for success rest on two important assumptions: first, that potential customers understand the capabilities of enhanced telecommunications and are able to articulate the demand for those capabilities; and second, that competition will be uniformly available throughout the state. At present neither of these conditions is fully developed in Wisconsin. [Final Report of the Blue Ribbon Telecommunications Infrastructure Task Force (November 8, 1993), p. 32.]

One of the strategies recommended by the Task Force to stimulate this private sector deployment was that:

Wisconsin should provide incentive funding, planning, implementation, valuation, and user training support to programs that use cost-effective telecommunications solutions for education, health, public safety, and other needs. [Final Report, op. cit., p. 34.]

In expanding upon this strategy, the Task Force noted:

The Task Force proposes establishment of a new public-private foundation to aggregate state, telecommunications industry, and other private sector contributions, and to use these funds to match Federal and other grants to stimulate the extension of, use of, and education about the state's new electronic highways. [Final Report, op. cit., p. 34.]

Recommendation 6.2 in the Task Force's final report stated the following:

The Governor and the Legislature should encourage the creation of a public-private foundation that can assist in funding telecommunications technology application projects and efforts to educate users about telecommunications, both of which will benefit Wisconsin citizens. [Final Report, op. cit., p. 34.]

The report also listed the following eight characteristics that the foundation could have:

1. Funding by contributions from the telecommunications industry and other private and public sources.

2. A governing board composed of funders, providers of telecommunications services, users of telecommunications services, and others with telecommunications applications expertise.
3. A clearinghouse function that matches potential projects with interested funding sources.
4. Funds for projects that provide matching resources, thus leveraging the fund's contribution.
5. Grants to projects that demonstrate cooperative applications between users, and between users and providers; that are replicable and contain an educational component; that have a demonstrated need; that are not competitive with the private sector; and that are multiple-use.
6. Funds for projects that promote the effective use of the telecommunications infrastructure, and that further Wisconsin's ambition to be a "world class" telecommunications state.
7. Funds for proposals that include such benefits as technology transfers, user education, software and curriculum development, in addition to telecommunications equipment and services.
8. Funds for programs to educate users—for example, small businesses, individual consumers, and nonprofit organizations—about telecommunications technologies, applications and alternatives.

SUPPORT FOR THE FOUNDATION

During legislative hearings on the bill that was ultimately enacted as 1993 Act 496, and predecessor bills introduced earlier during the 1993-94 Legislative Session, representatives of the telecommunications industry made the following comments on the WATF in written testimony in support of the legislation filed with the Joint Committee on Information Policy:

Bronson J. Hase, President, Ameritech Wisconsin, March 11, 1994

The Bill also creates a telecommunications Foundation to benefit consumers, which will be funded by Ameritech and others in the industry.

Jeffrey L. Schmidt, Vice President-Regulatory and Governmental Affairs, Telephone Operations, March 11, 1994

GTE also supports the concept of a Foundation created for the purpose of expanding and accelerating the deployment of the Information Superhighway. A partnership of private and public resources for the purpose of creating opportunities for education, care, government or other interested public sector participants in this new technology, that otherwise would not exist or would be significantly delayed, is a key aspect of placing Wisconsin in a leadership position both economically and socially.

John L. Geroux, Vice President-Regulatory, Ameritech Wisconsin, April 18, 1994

Specifically what is in the bill for consumers? Consumers will benefit from the Advanced Telecommunications Foundation.

If you have any additional questions on the WATF, please feel free to direct them to me at the Legislative Council offices.

JES:wu:tl;wu



State of Wisconsin Department of Public Instruction

Mailing Address: P.O. Box 7841, Madison, WI 53707-7841
125 South Webster Street, Madison, WI 53702
(608) 266-3390 TDD (608) 267-2427 FAX (608) 267-1052
Internet Address: www.dpi.state.wi.us

John T. Benson
State Superintendent

Steven B. Dold
Deputy State Superintendent

Testimony Before the Joint Committee on Information Policy and Technology March 1, 2001

RE: The Wisconsin Advanced Telecommunications Foundation

Robert Bocher, Technology Consultant, Department of Public Instruction
(608-266-2127, fax 608-266-2529; robert.bocher@dpi.state.wi.us)

Members of the committee, I am Bob Bocher, a library technology consultant in the Department of Public Instruction. My testimony today relates to the dissolution of the Wisconsin Advanced Telecommunications Foundation (WATF).

The Department of Public Instruction supported the state's telecommunication deregulation legislation when it was introduced in January 1994. In fact, I spoke before this committee in support of the legislation. One reason we supported deregulation was the establishment of the WATF as part of the legislation. The WATF was to be a grant program to assist the public and private sector in the deployment of advanced telecommunication services and programs. The need for a grant program of this type existed in 1995, and it still exists today.

Since the first WATF grant program funding cycle in March 1996, Wisconsin's public libraries have received \$623,635 in WATF funds to help them implement a wide variety of programs. Some of these included funding to develop regional, multicounty library catalogs freely available to residents over the Internet and funding to assist our libraries to get direct Internet access. Our public libraries, especially in more rural communities, still have needs for more advanced telecommunications and technology. For example, currently there are over 80 public libraries in the state that have just slow-speed dial access to the Internet. These libraries serve almost a quarter million state residents. As of January 2001, just half of our libraries were in regional online catalog consortia. WATF funds have also been used to help leverage more local funding and broader participation. For example, in the latest grant cycle (November 2000) the South Central Library System was awarded a grant to provide citizens access to electronic books (e-books). This project has now grown to include over half of the public libraries in the state.

Public libraries, unlike our public schools, are not part of the TEACH block grant program. Because of limitations on the TEACH wiring program, they have also been able to make only limited use of the \$10 million public library wiring loan program. Thus they have relied on the WATF as a potential source of funding to assist them with their advanced technology needs and services. The obligation of even our smallest libraries to meet the information needs of their local residents requires a highly networked environment, and the WATF certainly helped libraries attain such networking.

In conclusion, while the Department of Public Instruction would be a recipient of some of the WATF funds, and we are appreciative of this, we are also here to advocate for a technology funding source that can assist public libraries and public schools in meeting the information and learning needs of the people of Wisconsin.