

Committee Name:

**Senate Committee – Privacy, Electronic Commerce and Financial Institutions
(SC-PECFI)**

Appointments

01hr_SC-PECFI_Appoint_pt00

Clearinghouse Rules

01hr_SC-PECFI_CRule_01-

Committee Hearings

01hr_SC-PECFI_CH_pt00

Committee Reports

01hr_SC-PECFI_CR_pt00

Executive Sessions

01hr_SC-PECFI_ES_pt00

Hearing Records

01hr_ab0000

01hr_sb0000

Misc.

01hr_SC-PECFI__Misc__pt05a

Record of Committee Proceedings

01hr_SC-PECFI_RCP_pt00

HEARING PROCEDURE 3-20-2001

1. **Call to Order** “The Senate Committee on Privacy, Electronic Commerce and Financial Institutions will come to order,. Will members please take your seats.”
2. **Call the roll:** “ We will dispense with the calling of the roll and the clerk will note presence of Senators as they arrive.” Julie will fill in roll sheet as Senators arrive.
3. **Welcome and Announce Purpose of Hearing**

“Welcome members of the public, legislators, and staff.”

“The purpose of this hearing is to hold a public hearing on items from the 2001-2003 Governor’s budget.

The committee will be making recommendations to the Joint Committee on Finance on measures discussed today. We will probably have to limit testimony on issues, however agencies briefing on requests cannot be held to those limits because they have to explain the package.

We will hear from an agency and then take public testimony on that issue. Then we will move on to another agency etc”

4. **Operation of the Hearing** “If you wish to testify to the Committee, please fill out a hearing slip and return it to the Senate messenger.” Point out messenger “If you wish to simply to register fill out the slip and give it to the messenger as well.”
5. We will hear from the agencies first and then from the public on a matter
6. **Begin the hearing:**
 - a. Julie will sort slips by topic,
 - b. Jon calls the first speaker, call Legislators first
 - c. When speaker is through ask if committee members have questions
 - d. When last slip is given, let everyone know this is the last slip, anyone who wishes to speak on the bill should fill out a slip right now.

Agenda

1. Department of Electronic Government
2. Telemarketing
3. UETA
4. DFI General Budget
5. DFI Universal Bank and Credit Union proposals

03-20-2001

Department of Electronic Government

PRIVACY

Who will have access to the databases you manage?

Will there be a privacy policy for employees?

Will there be data sharing agreements between agencies - even outside companies?

Will there be any secondary uses of the data contained within the department?

Will databases be merged when there is no authority to merge?

You say there will not be improper handling but is there anything prohibiting the unauthorized secondary use of personal data, prohibiting unauthorized merger of lists, access by private entities?

We need to set up protections now because in five years everything could change and will if we don't set up rules now.

Will there be a someone in charge of privacy outside the agency pay but inside the agency?

Will that person have the authority to sue if data is improperly handled?

OPEN RECORDS

Question for Legislative Council - Isn't any records held by the state of Wisconsin an open record unless it is express idly closed in statute?

Are these records held at DEG expressidly exempt from chapter 19?

Is there something written into the bill that DEG is not the record keeper?? Then it needs to be. We shouldn't go into this project with our eyes shut. Every file on a computer, every paper inside a desk, every note stuck on a wall and every quote placed on a web page is an open record. This needs to be corrected

TRANSFER OF POSITIONS

Including the UW, DEG can at any time move an IT employee to another agency and another job. Doesn't this violate labor agreements and contracts?

SERVICE TO NON STATE ENTITIES

What services are currently provided to non-state entities?

How will this be expanded, what services do you see the agency providing to non-state entities.?

Will state data be merged with non-state data? Are their adequate fire walls to protect unauthorized access.

Will DEG hold and employment records??

NEW POWERS

DEG buys everything technical for every state agency, except the supreme court and the legislature correct? Will these purchases be in cooperation with the agencies??

What happens if the agency hates what they get and blames DEG for the crap they have to work with?

I read in the audit report that the KIDS system cost 51.5 million dollars and just last week I got an letter from a state employee stating that the system is useless, it overloads and causes delays every month. The employee wrote they often sit and wait for hours while the system fails and attempts are made to bring it back up – is DEG willing to take on cans of worms like this??

Does DEG realize with ultimate authority comes ultimate blame??

DEG may transfer any unspent IT balance from any agency – how will agency behavior react to this?

When DEG transfers people into another agency who pays for the employee?? What if someone was providing a needed service in HFS and they were transferred to Tourism - what would happen to HFS?

Shouldn't we create some sort of guidelines for transferring staff or at least an appeal process by the losing department. I think we all are smart enough to know we don't know everything - DEG may not be able to understand the project a person is doing for the UW, so they will transfer that person and leave the UW without an important resource - we should address this issue.

INFORMATION TECHNOLOGY MANAGEMENT BOARD

All Gubernatorial appointments -- should have legislative appointments, UW appointment and a labor appointment - this would level the field and at least provide a check and balance situation.

The appointments should all also have Senate confirmation - we like to do a good job for the people in the Senate and don't like to be bypassed.

TEACH Modifications

I noticed there were no libraries included in the TEACH allocation definition. I also noticed there is no approval of any grants without DEG consent - I imagine schools won't like that - again - we all know that we all don't know everything and we shouldn't try to fit everything into a small package that may not fit.

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01

BILL NO. 5355

OR ~~DEP~~

SUBJECT UETA

AMY MORAN
(NAME)

(Street Address or Route Number)

(City and Zip Code) DUX

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-21

BILL NO. _____

OR

SUBJECT UETA

David Ghuradi & Jim Rabbit
(NAME)

(Street Address or Route Number)

(City and Zip Code) DATCP

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01
BILL NO. 2001-2003 Budget
OR
SUBJECT Credit Union Legislation

Brett Thompson (with
(NAME) LaFolke Godfrey & Kahn Georgia Maxwell)
(Street Address or Route Number)

Wis. Credit Union League
(City and Zip Code)
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: March 20, 2001
BILL NO. 2001-2003 Budget
OR
SUBJECT Credit Union

Legislation
Georgia Maxwell
(NAME)

(Street Address or Route Number)

WI Credit Union League
(City and Zip Code)
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01

BILL NO. _____
OR

SUBJECT Universal bank
provisions in budget

Jodi Bloch w/John
(NAME) Knight

(Street Address or Route Number)

(City and Zip Code)

Wisconsin Bankers Association
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20

BILL NO. _____
OR

SUBJECT Universal Bank

Darryl Lund
(NAME)

7818 Big Sky Dr. Ste 104
(Street Address or Route Number)

Madison 53719
(City and Zip Code)

Community Bankers of WI
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01

BILL NO. _____

OR

SUBJECT Budget Bill
Dept of Electronic Government
Rita Anderson (RTH)

(NAME)

UW System
(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-20-01

BILL NO. _____

OR

SUBJECT Dept of Electronic
Government
Denise B. Webb C/O

(NAME)

West Wilson
(Street Address or Route Number)

Madison WI 53707
(City and Zip Code)

Dept of Health and Family Services
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-21

BILL NO. SB 55

OR
SUBJECT Telemarketing

Jim Rabbitt / Dave Ghilardi
(NAME)

PO Box 8911
(Street Address or Route Number)

Madison 53708
(City and Zip Code)

DATCP
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01

BILL NO. _____

OR
SUBJECT Budget Bill
Dept of Electronic Serv

Ed Meachen
(NAME)

(Street Address or Route Number)

(City and Zip Code)
UW System
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3-20-01

BILL NO. SB 55

OR
SUBJECT Budget

Susan Punbillo
(NAME)

(Street Address or Route Number)

(City and Zip Code)
DOA
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01

BILL NO. SB 55

OR
SUBJECT DEPT. OF E GOV

LINDA SEEMEYER
(NAME)

(Street Address or Route Number)

(City and Zip Code)

DOA
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01

BILL NO. SB 55 (BIENNIAL BUDGET)

OR
SUBJECT DEPT OF E-GOV

BRUCE REINES
(NAME)

(Street Address or Route Number)

(City and Zip Code)

DOA
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information
only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 3/20/01

BILL NO. _____

OR

SUBJECT: AB144

Terry Grosshneider
(NAME)

345 W. Washington Ave.
(Street Address or Route Number)

Madison, WI
(City and Zip Code)

Dept. of Financial Institutions
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: _____

BILL NO. AB 144

OR

SUBJECT: VETFA

Amy K. Moran
(NAME)

Dept. of Admin
(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

3-20-01

Roll

Cymbach ✓
Hillsman ✓
Javeh
Fitzgerald ✓
Plaehle Excused

Recommend

Prohibit Secondary Usage ^{merging} - unless authorized ^{any} under statute ^{original usage}

Privacy Officer / Advocate

Clarify not open records - held in DEG cannot release

~~Clarify DEG shall not compete w/ private sector not provide services ~~to public~~ ~~that could be provided~~~~

~~Senate confirmation of public members~~

Add legislative position (2) - labor? ^{UW?} ~~position~~ ^{majority leaders} ^{position}

UW Exempt from DEG they already have collaborative system that works should not change - Advisory capacity on board etc.

* Must be able to demonstrate more effective than current program in place (something like that for Fitzgerald)

Telemarketing

Remove "primary" from language

Language changed to mirror current rule

HEFA

~~Change~~ Changes recommended through Dot and Amy Moran

File DTPP pack

DFI General Provisions

WOB / CU's

Consumer Credit

Temp. Services

- will get back to on
- who exempt

* must not require release of medical info for consideration of loans

* DFI must examine for compliance ~~with~~ federal privacy rules

How difficult
to add privacy into
exam - could it be
done - yes it is done
for CU's

Why don't you
support the DFZ
Expendy Expendy II

DFZ
IS NOT Required
to Cost
4 one thing 3
year or so.

They will be learning
for compliance or medical
information privacy correct?
Information privacy

* So exam for privacy
would be easy



But do examine
banks every
18 months

So how does DFT
Examine Financial Inst.

Lehman
Chapman

Justo
Thelma
+ Fitzgerald

- Registrar online

- Access library

- Access information

- 100,000 virtualized web based learning tools

- Digital infrastructure
w/ plans

- Service to improve service / tech system =
wide IT plan

Remove authority to
purchase all who would
affect

Distributable ~~for~~ ~~not~~ ~~discussive~~
Collaborative not dictative

Need someone to go

to our primary CTO??

friendly basis = how when political
appointment

Cannot resolve an open

needs request

Chapter 16 limit

Back to
we will be
State provision of
use require of
to water

Eric
22 July

Part of that agreement
was my understanding
on privacy

will
reference
reference
reference

email to: mcintosh@broydrick.com

Why for DEG?

OK

Recommendations by the Senate Privacy, Electronic Commerce and Financial Institutions Committee on the 2001-2003 State Budget

Department of Electronic Government

Create a Privacy Officer and State Information Procedure

The Department of Electronic Government (DEG) should house a Privacy Officer, paid outside the agency, who shall monitor personal information housed within DEG. In addition, the Privacy Officer shall recommend and enforce a state information procedure for the handling of personal information maintained in state agencies. That policy should include procedures prohibiting the secondary use of data that is not specifically authorized within state or federal law, clarification that the DEG is not a custodian of state open records, privacy policies for employees who handle personal information, limitations for the use of personal information without consent, and penalties for state agencies who violate the state information procedure.

Exemption for the University of Wisconsin System

The University of Wisconsin System already has in place a comprehensive system wide information policy and procedure that works cohesively to purchase, share information and systems, and advise on the streamlining of services. This system would be compromised significantly if the UW is included in the DEG.

TEACH Board

The authority of the TEACH Board should not be weakened as recommended by the Governor in his creation of the DEG. All authority for purchasing is given to DEG, including purchasing authority for the TEACH program. The TEACH Board is working well now, there really is no need to take away their authority.

CONTRACTS WITH LOCAL GOVERNMENTAL UNITS

NON CAP

It should be made clear that contracts and purchasing decisions between DEG and local governments are completely voluntary. Language similar to statutes regarding TEACH Board authority ^{for local gov'ts should be} which states that a local unit of government cannot be forced into a contract by the DEG ^{this is} needed to preserve local control over local decisions.

Changes to Information Technology Management Board

Currently the Information Technology Board is made up of gubernatorial appointments; the public members do not need Senate confirmation. All public members of the Board shall be confirmed by the Senate. In addition, two members appointed by the legislature, the privacy officer, as well as a representative recommended by labor and a member recommended by

the University of Wisconsin to serve in an advisory capacity (non-voting) should be added to the board.

Telemarketing

Laws Should Not Weaken Current Rule

The recommendation made by the Governor weakens current Department of Agriculture, Trade, and Consumer Protection (DATCP) Rules. At the very least the bill should be modified to mirror the current stronger rules. Provisions that prohibit the blocking of caller ID by telemarketers should be modified to match Senate Bill 41, which was recommended by the committee and the Senate. The language is more clear and conforms to current law and rule better. In addition, the committee may consider Senate Bill 40(SB 40) as an alternative to the Governor's recommendations. SB 40 is currently before the committee and includes a much stronger system for managing telemarketing in Wisconsin, which is recommended by DATCP.

Department of Financial Institutions

Consumer Credit Services

Recommendations to change reporting requirements for Consumer Credit Services from monthly to yearly should not exempt any businesses currently regulated by the department. With the explosion in alternative credit options that often cost consumers more than traditional financial institutions, we should be tightening regulation not weakening it.

Universal Banks and Credit Unions

Truly an issue that should be assigned to the standing committees on financial institutions, this major policy proposal should not be included in the state budget. If the item remains, the issue of consumer privacy should be reconciled. Gramm Leach Bliley, the federal bill that started the Universal Bank debate, created a set of financial privacy rules. Any recommended changes that expand the powers and sharing ability of personal information by financial institutions in the state of Wisconsin, like this proposal, should be accompanied by a state rule similar to the federal Gramm Leach Bliley privacy rule. It would be a mistake to provide parity for our financial institutions, if it is not accompanied with parity for Wisconsin's financial consumers.

UETA

The Department of Administration should work with the Department of Agriculture, Trade and Consumer Protection (DATCP) to incorporate changes recommended by DATCP to increase consumer protection in the proposal. Those recommendations include requiring

businesses to securely maintain signatures, prohibiting the selling or misusing of an individual's signature, as well as consumer act provisions like the three-day right to cancel.

Telemarketing

THESE PROVISIONS NOT INCLUDED IN AGENCY
REQUEST

Require and employee of a telemarketer to state name, the identity of employer and purpose of the call - may not call someone who has requested not to be called by the telemarketer

This is a lot like current rule although there are some problems with definitions like “primary” in the definition of telemarketer :)
ASK how DATCP would clean up definitions

No caller ID blocking allowed by the employee of the telemarketer - :)
what about the telemarketer? if only an employee is prohibited from using caller ID blocking will still take place - it is like prohibiting an employee from dialing the phone the technology is far ahead of this language, everything is electronic -

:)
should be broadened to include prohibiting telemarketer from using any device to block caller ID

:)
TO DATCP - What will the changes in the prerecorded message laws do? I think they weaken considerably but don't push too hard Bill is your friend and on shaky ground

:)
Can an individual sue a telemarketer if they violate the “no call” directive??? Can't you sue with current rules??

UETA

UETA vsr ESIGN

What are the differences between UETA and ESIGN?

Why do we need UETA when we have ESIGN?

I read that the consumer protections are stronger in ESIGN than in UETA is that true?

How many other states have passed UETA?

PRIVACY

Do we need language that says “unauthorized access to a transaction completed with by electronic means is prohibited” or “falsifying a document transacted electronically is a crime”

Someone should not get away with fraud because we haven't been through. Are these issues addressed in the measure?

Laundrie, Julie

From: Schneider, Marlin
Sent: Monday, March 12, 2001 12:11 PM
To: Laundrie, Julie
Subject: RE: Senate Privacy, Electronic Commerce and Financial Institutions Committee 3/20/01

If you have a hearing as you are on the e-government stuff in the gov's budget please raise the issue of what emphasis can be given to privacy with the new Chief Information Officer or with a Chief Privacy Officer attached to the language much like the head of Income, Sales, and Inheritance Tax Division Administrator was in the Department of Revenue. I don't know if they still call it that division but I remember when Dan Smith headed that he had special protections written into the law so that political hacks couldn't attack the administrator like you could other bureaucrats. Thanks. Please share with Jon - Marlin P.S. I already raised this with D.O.A. but it would be nice if you would too since you guys have a say in the Senate and I don't over here.

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

From: Laundrie, Julie
Sent: Monday, March 12, 2001 11:38 AM
To: *Legislative All Senate; *Legislative All Assembly; Schmidt, Dan; Roys, Lisa; Sweet, Richard; Seemeyer, Linda; Matson, James K
DATCP; Oemichen, William L DATCP; Albert, Phil; Margolies, Robert S. DOC; Stuart, Todd; Anderson, David; Richard,
JoAnna M.; Heinen, Paul H
Subject: Senate Privacy, Electronic Commerce and Financial Institutions Committee 3/20/01

<< File: H20010320001.doc >>

Julie Laundrie
Office of Senator Jon Erpenbach
Room 319 South, 266-6670

DOUGLAS LA FOLLETTE



SECRETARY OF STATE
WISCONSIN

MAR 16 2001

MEMORANDUM

TO: Senator Jon Erpenbach, Chair/Senate Cmte. on
Privacy, Electronic Commerce and Financial Institutions

FROM: Juna Krajewski, Deputy/Secretary of State

DATE: March 14, 2001

RE: Items from the 2001-003 State Budget Relating to Electronic Signatures

The Office of Secretary of State offers apology for not being present personally to speak regarding the Office's position on the electronic signature language included in the Governor's budget.

The subject of signatures in regard to notarizing and authenticating documents electronically is being continually studied and monitored by the Office.

As long as proper regard is given to consumer protection issues and privacy issues and the Office is granted rule-making authority in regards to notaries and authentication of documents, the Office of Secretary of State is prepared to support this legislation.

The fiscal impact of such legislation is unknown at this time. However, if special computer software must be purchased and implemented and/or certification authorities contracted with, the fiscal estimate could be substantial.

If the Committee Members have any questions, the Office would be glad to respond at another time.

Laundrie, Julie

From: Moran, Amy
Sent: Friday, March 16, 2001 1:11 PM
To: Laundrie, Julie
Cc: Seemeyer, Linda; Puntillo, Susan - DOA; Reines, Bruce
Subject: RE: Hearing on the 20th

Julie,

Deputy Secretary Linda Seemeyer will be the lead. She'll be accompanied by Susan Puntillo, Bruce Reines and myself. Susan and Bruce may pitch in on the Department and I'll be testifying as to UETA.

Can you confirm the room number for me?

Thanks.

Regards.

Amy

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

From: Laundrie, Julie
Sent: Friday, March 16, 2001 12:54 PM
To: Moran, Amy
Subject:

Amy,

Can you let me know who will be testifying on Tuesday on what. Thank you.

Julie

Julie Laundrie
Office of Senator Jon Erpenbach
Room 319 South, 266-6670

DFI General Budget

CORPORATE REGISTRATION SYSTEM

Didn't they just do something just like this??

Business Portal – Isn't this already online with wisconsin.gov

BUSINESS FEES

Are their costs above necessary costs in this proposal???

Is providing online access an acceptable cost under open records?

Is the new corporate initiative funded with these fee increases?

So are the fees fixed or can they go up without approval of the legislature?

CONSUMER CREDIT ENTITIES

Give an example of a consumer credit entity

Why the year end rather than the monthly?

Will their be lost revenue??

Does this annual rather than monthly oversight mean that fewer consumer problems are detected???

Who will be excluded with the \$250,000 mark – some businesses that must report now??

JAN

Make
Recommendations

CU/UBB

Expands field of membership of a credit union, not any real new powers
Expands powers of banks in the form of universal bank - state chartered
savings banks, banks could become

CERTIFICATION

Privacy compliance - apparently even the fiscal bureau would interpret the language different than DFI because they list a requirement for certification examination and subsequent compliance with federal privacy rules as a certification requirement.

JON AGREEING TO COMPROMISE

In order for me to agree to this compromise I had two requirements -

- that a universal bank must be in compliance with federal privacy rules to be certified and
- if they fall out of compliance they must lose their status as a universal bank. I was reassured several times that was the case by DFI and the interest groups, well it turns out someone was lying or greatly misspoke. According to DFI a universal bank need not be in compliance with privacy federal rules to receive their certification, and DFI feels they cannot and will not remove certification even if the universal bank is out of compliance. This obviously distresses me.

Need
opt.
out
Microloan

JON RECOMMENDS

Recommendation - The only way to ensure that universal bank status privacy compliance is to require DFI to examine for federal privacy rules compliance. That is my recommendation.

In addition, I have and will continue to advocate for what I originally agreed to -- require compliance with federal rules for a universal bank otherwise no universal bank. If we need to establish means to ensure this timely examination, let's do it but enough already with the games.

Credit Unions (under the bill) are examined for compliance by the Office of Credit Unions so Banks should be examined for compliance by the Division of Banking.

I went back and flipped through the headlines when Gramm Leach Bliley was first on the verge of passage. There was outcry nation wide because the measure proposed the sharing of personal information without any consent. Hundreds of editorials blasted the industry and congress. Because of that pressure we have federal rules on personal financial privacy. Forwarding this measure without at least those same privacy measures is not just bad for Wisconsin consumers is bad public policy - people care about the privacy of their personal information above all else, we would be irresponsible to let this go forward without addressing that issue

Personally I would like all information sharing to be an "opt in" rather than an "opt out" they should assume you don't want any information shared not that you do -- but I am also realistic and understand holding our state financial institutions to a different standard than the federal law does would not be healthy for the Cross Plains Bank or the Bank of New Glarus and I have no intention to put them out of business.

That is why I have proposed only holding our financial institutions to the same standard required in federal law. I cannot believe I have the department that is charged with protecting the financial health of Wisconsin's consumers on the opposite side of consumers - I guess that says a lot.

AND
It's something

we're
still looking

BT Becans
Gramm/Leach
allow states
to do so!

Testimony of Ruth Anderson
Director
Office of Procurement
University of Wisconsin System Administration
March 20, 2001

Chairman Erpenbach, and members of the Committee on Privacy, Electronic Commerce and Financial Institutions. Thank you for the opportunity to testify on the proposed amendment to Section 1.13.101(14) of the statutes, which creates a Department of Electronic Government. My name is Ruth Anderson and I am the Director of the Office of Procurement for the University of Wisconsin System Administration. In this capacity I am responsible for the procurement function for the University System.

I am here to specifically address the portions of the budget bill that affect the Board of Regents approval and acquisition of all information technology contracts for materials, supplies, equipment or contractual services. As explained in earlier testimony by my colleague, Edward Meachen, the University does extensive collaborative planning to identify the most efficient methods for improving teaching, research and public service at our institutions. The procurement function within the University facilitates the implementation of this extensive planning. I personally attend the CIO's monthly meetings and the Systemwide IT Planning meetings to stay appraised of technological direction and to assist in the acquisition of these planned technologies. UW institutions, which include stakeholders in both the functional and technical areas, develop the specifications for the bids or request for proposals. This participatory process ensures the UW obtains the best pricing while meeting the needs of our students, faculty and staff.

The UW System obtains extremely attractive pricing on its contracts due to its efforts to identify common purchases and by negotiating systemwide contracts. Additionally, the University has the unique advantage of educational discounts that are not offered to other governmental entities. The University has worked at length to extend this favorable pricing to the Wisconsin Technical Schools as well as the PK-12s.

Mr. Meachen has already talked about the advantageous pricing the University and the Technical Colleges obtained from Microsoft. As stated, the cost of this software under our contract was approximately \$10 per FTE for five Microsoft applications while the State's price was \$100 - \$250 per application per user. This cost savings is due to our ability to obtain educational pricing.

Two other contracts used extensively by the WTCS and the PK-12 are for desktop and laptop computers. Last year approximately \$4.7 million dollars were spent by the technical colleges and PK-12, dollars which reflect an approximate 25% saving over list price. Under the Department of Electronic Government scenario, DEG could incorporate education in their purchase but could then evenly distribute the costs across education and state agencies; thereby increasing IT costs to the educational community, at a time when educational budgets are extremely tight.

In addition to severely impacting our ability to obtain the best pricing for the State's educational community, the creation of this new department will increase the complexity of the procurement process. Instead of one procurement process, the State will now have two bureaucratic processes following two separate sets of policies and procedures. This will cause confusion as to which process to use depending on the definition of information technology and telecommunications. The DEG statutes do not address thresholds for delegation of purchasing to state agencies, literally reversing the legislation under 16.75(1)(b)(c) passed in 1995, which increased the flexibility and streamlined the procurement process.

It is critical to the continued success of the University of Wisconsin in its support of information technology for its students, faculty and staff that it be exempt from the amended statute's provision in Section 29.16.71(1m), Section 35.16.72(4)(a) and Section 44.16.78. Let me assure you that exemption from this statute would not eliminate accountability or collaboration to the State. The University System would continue to provide information on our purchases to the state. We would also continue our collaboration with the Department of Administration, the Department of Electronic Government and the state agencies to leverage better contracts for all parties.

Again, thank you for the opportunity to present this testimony.