

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

- Appointments ... Appt
-
- Clearinghouse Rules ... CRule
-
- Committee Hearings ... CH
-
- Committee Reports ... CR
-
- Executive Sessions ... ES
-
- Hearing Records ... HR
-
- Miscellaneous ... Misc
- 97hr_JC-Fi_Misc_pt07c_DPR
- Record of Comm. Proceedings ... RCP
-

Joint Finance

16.515 / 16.505

14 Day Passive
Reviews

12/9/97 -

2/9/98

DA's lapse
2/2/98

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

119 MLK, Room 202
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

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

JOINT COMMITTEE ON FINANCE

February 3, 1998

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53707

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your letter, dated January 12, 1998, to reallocate the District Attorney's lapse requirement and to adjust the lapse requirement of the Department of Agriculture, Trade and Consumer Protection.

No objections have been raised concerning these proposals. Accordingly, they are approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

BB/JG/jc

cc: Members, Joint Committee on Finance
Bob Lang, Legislative Fiscal Bureau



Legislative Fiscal Bureau

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

January 26, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Plan for Reallocation of 1997 Act 27 GPR-Lapse Requirements

1997 Act 27 includes lapse requirements for certain state agencies from sum certain state operations appropriations totalling \$4,787,700 in 1997-98 and \$4,770,200 in 1998-99. The Act provides that if the Secretary of the Department of Administration (DOA) determines that an agency is unable to reduce its sum certain state operations appropriations expenditures by the amounts required, the Secretary is to submit a plan to the Co-chairs of the Joint Committee on Finance reallocating that agency's reductions among any other state GPR appropriations.

In a January 12, 1998, letter to the Committee, the DOA Secretary proposed reallocating the District Attorney's lapse requirement by increasing the GPR lapse amount required of the Department of Health and Family Services (DHFS). In addition, the Secretary recommended a modification to the lapse required of the Department of Agriculture, Trade and Consumer Protection (DATCP).

Following is a summary of DOA's recommendations. Unless the Co-chairs notify the DOA Secretary by Monday, February 2, 1998, that the Committee has scheduled a meeting to review the plan, the reallocations will be approved.

Health and Family Services

On December 10, 1997, the Committee approved a request by DOA Secretary Bugher to exempt District Attorneys from Act 27 2% lapse requirements. In the request, Secretary Bugher indicated that a specific proposal to reallocate the District Attorney's portion of the 2% lapse (\$579,200 annually) would be made in January, 1998, when a better assessment of the state's

fiscal condition could be made. In accordance with this agreement, the administration has put forth the January 12, 1998, request which proposes to reallocate the DA lapse requirement in 1997-98 by instead lapsing \$579,200 GPR in 1997-98 from the Department of Health and Family Services (DHFS), Division of Management and Technology (DMT) general program operations budget. Under the DOA plan, expenditures totaling this amount for DMT activities would be funded with federal "income augmentation" funds, rather than GPR budgeted for DMT in Act 27.

Act 27 contained a provision that encourages DHFS and counties to claim additional federal revenues available under the federal foster care, medical assistance and medicare programs. To the extent that DHFS is successful in increasing federal reimbursement through income augmentation activities, these additional revenues are available to support increases in community aids, costs exclusively related to income augmentation activities and other purposes identified in a plan submitted by DHFS and approved by DOA. By statute, 50% of the additional federal revenue claimed under the federal foster care program must be used to increase funding budgeted for community aids.

DHFS has reported receiving approximately \$30.5 million in federal income augmentation funds, of which: (a) \$3.1 million has been paid to a consulting firm, Maximus, Inc., based on the terms of the contract between DHFS and that firm; (b) \$13.5 million will be provided as an increase in community aids funding; and (c) \$13.9 million is available for other purposes approved by DOA, which includes the use of \$579,200 to support DMT general program operations costs in the 1997-98 fiscal year.

Agriculture, Trade and Consumer Protection

Act 27 required lapses from sum certain state operations GPR appropriations for most state agencies that along with other state operations reductions in the Act resulted in an annual 2% reduction in base state operations for the agencies during the 1997-99 biennium. However, DATCP was only required to lapse an amount (\$171,300) that when added to the other state operations reductions in the Act would result in a 1.1% annual reduction in DATCP's GPR state operations costs.

The DOA Secretary is recommending approval of DATCP's proposal to lapse funds from two DATCP aids appropriations in 1997-98 rather than from sum certain state operations appropriations as is required of other state agencies. Under the recommendation, \$69,800 of DATCP's lapse requirement would come from reducing the expenditure estimate of the Department's sum sufficient county and district fair aids appropriation in 1997-98. The GPR funding for county and district fair aids will not be needed in 1997-98 because pari-mutuel revenues, which on a one-to-one basis offset the amount of GPR aids needed to fund the program each year, will cover the program's costs for the year. As a result, because the county and district fair aids GPR funding is provided from a sum sufficient appropriation, under which only the funding necessary to cover the program costs is appropriated, the \$69,800 will not be expended and will remain in the general fund regardless of the Committee's action.

The DOA Secretary also recommends lapsing \$101,500 from a biennial agrichemical grant program GPR appropriation. The appropriation, in conjunction with a SEG appropriation, is used to provide reimbursement grants for certain eligible costs of the cleanup of agrichemical spills. Current estimates assume a \$500,000 GPR lapse in this program. Approval of the DOA request would increase that lapse to \$601,500 on June 30, 1999. Based on slower than anticipated program demand to date, a lapse of \$601,500 would appear reasonable. However, some agency officials believe reimbursement claims could accelerate in the next year as program rule revisions are completed and awareness spreads of the increased reimbursement levels included in the 1997-99 budget.

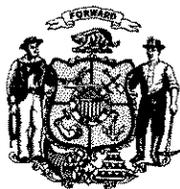
The DOA Secretary states that the funds could be lapsed from the county and district fair aids and agrichemical cleanup grant appropriations because it is unlikely the funds will be needed to meet the demand for the two programs. Also, because many of DATCP's program's are split-funded from GPR and fees, requiring DATCP to lapse the funds from its state operations appropriations could require the Department to curtail important program activities or to fund additional costs from fee revenues (which could lead to increased fees).

DATCP indicates that due to higher than budgeted state employee compensation costs, it is unlikely that the Department could generate enough savings from its general operations appropriations to meet the \$171,300 lapse requirement in 1997-98 without making staff reductions. However, most other state agencies are experiencing similar employee compensation increases while absorbing 2% state operations reductions. Further, it should be noted that GPR savings that have been generated to date from DATCP's general operations appropriations in 1997-98 have been used to fund the Department's consumer protection program information technology (IT) improvements which includes an automated complaint tracking system. In 1997-98, the Department has reallocated approximately \$53,000 GPR from its general operations appropriations to fund IT improvements. The Department indicates that the consumer protection information technology improvements have priority for available GPR funds in order to improve consumer protection services and to allow IT staff to effectively implement the Department's long-term IT plan.

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JOINT COMMITTEE ON FINANCE

January 16, 1998

TO: Members
Joint Committee on Finance

FROM: Representative John Gard, Assembly Chair
Senator Brian Burke, Senate Chair

SUBJECT: Plan for Reallocation of 1997 Act 27 Lapse Requirements

1997 Act 27 includes 2% lapse requirements for certain state agencies and programs totalling \$4,787,700 in 1997-98 and \$4,770,200 in 1998-99. The Act provides that if the Secretary of Administration determines that an agency is unable to reduce expenditures by the amounts required, the Secretary is to submit a plan to the Co-chairs of the Joint Committee on Finance reallocating the reductions among any other state GPR appropriations.

On December 5, 1997, DOA Secretary Bugher submitted a request to the Committee to exempt District Attorneys from the lapse requirement. In the request, the Secretary indicated that a specific proposal to reallocate the District Attorney's portion of the 2% lapses (\$579,000 annually) would be made in January, 1998, when a better assessment of the state's fiscal condition could be made. The request was approved by Committee members on December 10, 1997.

The attached memorandum includes Secretary Bugher's January 12, 1998, proposal to reallocate the District Attorney's lapse requirement. In addition, the Secretary proposes a modification to the lapse required from the Department of Agriculture, Trade and Consumer Protection.

Please review this item and notify Senator Burke or Representative Gard no later than Monday, February 2, 1998, if you have any questions about the proposal or would like the Committee to meet formally to consider it. If no objections are heard by that date, the proposal will be approved.

JG/BB/jc
Attachment

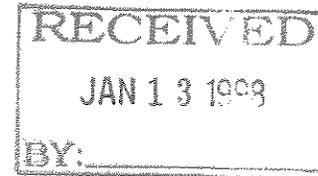
STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



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

January 12, 1998



The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
119 Martin Luther King, Blvd., Room LL1
Madison, WI 53702

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

Dear Senator Burke and Representative Gard:

On December 5, 1997, I notified you in a letter that I proposed to exempt the District Attorneys' (DAs') budget from the 2% lapse requirement contained in s. 9156 (6ng) of Act 27 for both fiscal years, and that we would deal with DA turnover and pay plan funding shortfalls through other means. You approved the proposal in a letter to me on December 10, 1997.

As provided under s.9156 (6ng), my specific plan is to reallocate the District Attorneys' FY98 \$579,200 GPR 2% lapse requirement by increasing the FY98 GPR lapse required of the Department of Health and Family Services (DHFS) by \$579,200. This additional lapse will tentatively be taken from the Division of Management Services' general operations appropriation. A total of \$579,200 in expenditures will be charged to FED from increased federal reimbursement funds for expenses incurred by the state for foster care and adoption assistance, AFDC-Emergency and Medical Assistance matching funds. This will then offset \$579,200 GPR in DHFS that will now lapse to the general fund. In order to do this, this department has approved a DHFS plan to use the increased federal reimbursement in this manner as required by s.1486m of Act 27. Overall there is no additional reduction in the funding for DHFS' programs since the additional FED offsets 100% of the increased DHFS GPR lapse. However, the reallocation enables us to exempt the DAs' budget from the lapse requirement.

The only other instance where I am suggesting a change to the FY98 state operations lapse amounts required in s. 9156 (6ng) of Act 27 is for the Department of Agriculture, Trade and Consumer Protection (DATCP). The DATCP proposed taking their \$171,300 GPR lapse requirement from two aids appropriations: \$69,800 from the county and district fair aids appropriation under s.20.115 (4)(b)

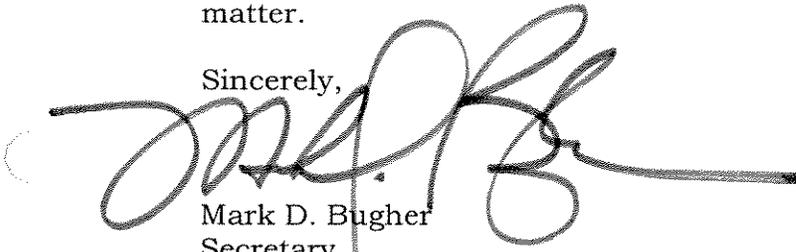
The Honorable Brian Burke
The Honorable John Gard
January 12, 1998
Page 2

and \$101,500 from the agrichemical management grants appropriation under s.20.115 (7)(e). I recommend approving the DATCP proposal because in neither case will the program spend any less than it would absent the lapse, thus neither aids program is harmed by the proposal. In addition, requiring a state operations lapse elsewhere in the department would put additional pressure on raising various agricultural fees.

At this time it is my intent to do an identical reallocation of the FY99 DA lapse requirement but I will submit a specific plan for FY99 in that fiscal year. Please give me your concurrence on my FY98 plan as soon as possible so we can inform all 14 agencies required to lapse GPR funds to implement their FY98 lapse plans.

I believe this letter satisfies the plan I am required to submit to you under s.9156 (6ng) and resolves the DA 2% lapse concerns. I appreciate your cooperation in this matter.

Sincerely,



Mark D. Bugher
Secretary

Cc: Bob Lang, Director
Legislative Fiscal Bureau

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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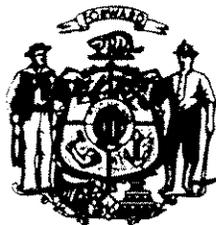
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DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin



Mailing Address:
Post Office Box 7864
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TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

January 12, 1998

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
119 Martin Luther King, Blvd., Room LL1
Madison, WI 53702

The Honorable John Gard, Co-Chair
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316 North, State Capitol
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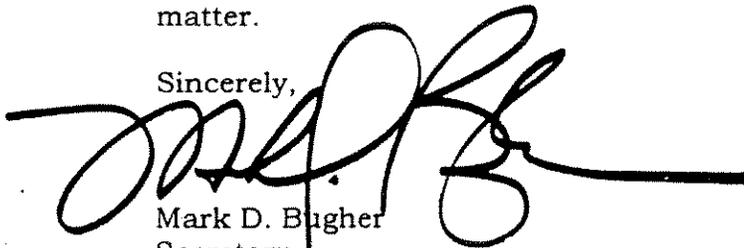
The Honorable Brian Burke
The Honorable John Gard
January 12, 1998
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Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'M. D. Bugher', with a long horizontal line extending to the right.

Mark D. Bugher
Secretary

Cc: Bob Lang, Director
Legislative Fiscal Bureau