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Agenda Item VI: Department of Revenue Social Security Numbers Request

Alternative 2

Note: DOR wants a little more than \$100,000 to develop a computer program which will automatically remove social security numbers from the labels on state tax forms mailed to taxpayers who filed returns for the previous year. Privacy issues have been raised, and DOR wants to eliminate the numbers and substitute them with a random id number. DOR didn't request any money for this purpose during either the budget or mini budget, so one wonders why it is now an emergency.

LFB says there is probably enough money in DOR's set aside for the Department's integrated tax system GPR appropriation, and they believe this is a suitable purpose for the money. Sounds like a reasonable compromise.

As an aside though, and maybe I'm oversimplifying this a bit, but why does DOR have to hire a computer consultant to figure out how to do this? It doesn't seem like an overly complicated computer job to figure out how to remove information from an existing mailing label. Do they really need more than \$100,000 for this purpose?



Legislative Fiscal Bureau

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

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Revenue: Section 13.10 Request to Provide Additional Funding to Remove Social Security Numbers from Individual Income Tax Booklets--Agenda Item VI

The Department of Revenue (DOR) requests transfer of supplemental funding of \$106,100 GPR in 1998-99 from the Joint Committee on Finance's GPR appropriation [20.865 (4) (a)] to DOR's collection of state taxes, general program operations GPR appropriation [220.566 (1) (a)]. The funding supplement would be used to remove social security numbers from labels on individual income tax booklets.

BACKGROUND

DOR annually modifies tax returns and booklets to reflect tax law changes, including updating references to the federal internal revenue code (IRC). The Department also makes periodic changes to simplify and improve the quality of the documents. Copies of forms, booklets and other information are sent to taxpayers.

Typically, DOR staff develops general specifications for the forms and booklets between February and April. Bids are opened to printers in May and finalized by the end of the month. The bids allow for a number of variables including a different number of lines and pages for forms and booklets, and different quantities. From July into October, staff finalizes the composition and number of documents to be produced. Finally, in October and November, camera copies of the various documents are delivered to the printers for printing.

A total of \$471,500 GPR is appropriated in 1998-99 to fund printing expenditures for forms and related documents for taxes administered by the Division of Income Sales and Excise Tax (ISE).

ANALYSIS

DOR has requested supplemental funding of \$106,100 GPR in 1998-99 to eliminate social security numbers from labels on individual income tax booklets. The table below shows the expenses that would be funded under the Department's request.

Administrative Expenses for Social Security Number Confidentiality

One-Time Expenses	
Contract Programmer	\$65,000
Personal Computer Hardware/Software	9,200
InfoTech Charges	<u>9,000</u>
Total One-Time Expenses	\$83,200
Ongoing Expenses	
LTE Salaries and Fringe Benefits	\$12,900
InfoTech Charges	<u>10,000</u>
Total Ongoing Expenses	\$22,900
Total Expenses	\$106,100

Each year, DOR mails individual income tax booklets to taxpayers who filed returns for the previous year. The booklet is addressed using a peel-off label that includes information required of taxfilers, including the taxpayer's social security numbers. The label is removed and attached to the individual return when the return is filed with the Department. The social security number is used to match the return with the taxpayer's records and allows DOR to process returns and refunds faster and more efficiently.

A problem with this system is that the taxpayer's social security number is printed on the front of the booklets that are mailed to each taxpayer. This creates an opportunity for others to use the social security number without the taxpayer's knowledge or consent. Awareness of the unethical and unlawful use of such information, particularly as it relates to identity theft, has increased in the past few years. The Department indicates that it has received many complaints from taxpayers about this issue. The Internal Revenue system and many states mail tax booklets that no longer include the taxpayer's social security number on the mailing label.

DOR intends to eliminate the social security number and substitute a random identification number on the peel-off label. The Department's computer system would use a cross-reference table to identify the taxpayer when the return is processed.

The Department requests one-time funding of \$65,000 to hire a contract programmer for 1000 hours to develop the system. One-time funding would also include \$9,200 for a personal computer and related software, and \$9,000 for InfoTech usage charges. There would be ongoing expenses of \$12,900 for salaries and fringe benefits for LTEs that perform annual data cleansing and \$10,000 for InfoTech storage costs.

DOR has requested the supplement from the Committee's GPR appropriation because the additional funding is necessary at this time so that the tax forms and booklets can be modified and printed for tax year 1998 and new computer applications can be integrated into the Department's annual tax document printing process. As noted, final changes to forms and booklets are usually made by the end of October. DOR indicates that the additional costs cannot be absorbed with existing funding. In this regard, it should be noted that \$12,450 out of a budgeted \$33.5 million lapsed from the collection of state taxes, general program operations appropriation in 1997-98. Moreover, the Department estimates that funding provided for printing expenses in 1998-99 (\$471,500) will be insufficient to fund expected printing costs, not including the cost of this request. Finally, the 1998-99 net unreserved balance in the Committee's GPR appropriation is currently projected to be \$443,000, which would be sufficient to fund this request.

Although DOR indicates that the additional costs of modifying the tax documents cannot be absorbed, frequently, additional funding is not provided to modify tax forms and documents. For example, additional funding is typically not provided to adjust tax documents to reflect tax law changes that are adopted for state tax purposes through the annual IRC update. The Department also did not receive additional funding to modify tax forms and instructions to show the changes to the development zones credits that were enacted in both the 1995-97 and 1997-99 biennial budgets. However, the tax law changes included in 1997 Acts 27 and 237 and the social security number confidentiality change could be viewed as requiring a more significant change to tax documents.

In addition, DOR did not request additional funding for social security number confidentiality during legislative deliberations on either the biennial budget and budget adjustment bills. Moreover, the budget adjustment bill was considered during the time in the Department's printing process (February through May) when Department staff was presumably identifying the potential modifications to tax documents and receiving printing bids which included the potential costs of the proposed changes.

Since only three months have elapsed between enactment of the budget adjustment bill and DOR's current request, it could be argued that it is not clear that an emergency situation exists at this time. The \$101,600 GPR that DOR requests is 0.3% of the total 1998-99 budgeted amount for the collection of state taxes general program operations appropriation. As a result, the Committee may wish to deny the request and require DOR to absorb the printing costs identified in the request. If the Department determines that additional funds are in fact needed, it could submit a s. 13.10 request for the June, 1999, meeting.

As an alternative, the Committee could approve a one-time transfer from the Department's integrated tax system appropriation [20.566 (3) (b)]. The integrated tax system appropriation was created to provide funding for development and implementation of an integrated tax system. In general, the integrated tax system would be a tax administrative system that would use technology to improve and simplify: (a) taxpayer assistance; (b) taxpayer registration; (c) tax processing; (d) records management; (e) refunds processing; (f) taxpayer audits; (g) delinquent tax collections; and (h) disbursement of documents, revenues and refunds. DOR has developed a plan for developing the system over five years, beginning in 1998 and ending in 2003. Base level funding of \$3,415,600 GPR is provided in 1998-99. The 1998-99 funding is primarily for contracting with private vendors to: (a) develop a master plan; (b) implement an on-line Internet filing project; (c) implement a data warehouse pilot project; (d) develop a data model for categorizing and organizing information; (e) integrate individual income tax data into the business tax registration system; and (f) for process reengineering.

As of September 16, 1998, the unexpended and unencumbered balance in the integrated tax system appropriation was \$2,151,946. DOR has indicated that it expects to expend the entire balance in the appropriation and any reduction in the appropriation could delay implementation of the integrated tax system beyond five years. However, at this time, the project is in the early stages of development and the Department does not have a specific estimate of long-run costs. Therefore, it could be argued that it is not clear that a one-time reduction in funding of \$106,100 would have a significant detrimental effect on the project. In addition, the funds that were transferred would be used to update and improve tax documents and provide more taxpayer security, which would seem compatible with the objectives of the integrated tax system project. As a result, the Committee could approve a one-time transfer of \$106,100 from the integrated tax system appropriation to the ISE general program operations appropriation. Because the transfer would be made on a one-time basis, base level funding for the integrated tax system would be maintained for the 1999-2000 biennium. DOR could request permanent funding during 1999-2000 budget deliberations.

ALTERNATIVES

1. Approve the Department's request to provide a supplement of \$106,100 GPR in 1998-99 from the Committee's GPR appropriation [20.865 (4) (a)] to the Department's collection of state taxes, general program operations appropriation [20.566(1)(a)]. Provide that \$83,200 GPR in 1998-99 would be one-time funding.
2. Modify the request to provide a one-time transfer of \$106,100 GPR in 1998-99 from the Department's integrated tax system GPR appropriation [20.566 (3) (b)] to the Department's collection of state taxes, general programs operations appropriation [20.566 (1) (a)].
3. Deny the request.

Prepared by: Ron Shanovich

REVENUE

Agenda Item #6

Move to:

Modify the request to provide a one-time transfer of \$83,200 GPR in 1998-99 from the Department's integrated tax system GPR appropriation [20.566 (3) (b)] to the Department's collection of state taxes, general programs operations appropriation [20.566 (1) (a)].

This motion would make a one-time transfer of \$83,200 GPR from the Department's integrated tax system appropriation to the Department's collection of state taxes, general program operations appropriation to fund the cost of removing social security numbers from labels on individual income tax booklets.

MO#			
1	WEEDEN	Y	N A
	FARROW	Y	N A
	COWLES	Y	N A
	PANZER	Y	N A
	SCHULTZ	Y	N A
	ROSENZWEIG	Y	N A
	BURKE	Y	N A
	DECKER	Y	N A
2	GARD	Y	N A
	OURADA	Y	N A
	HARSDORF	Y	N A
	ALBERS	Y	N A
	PORTER	Y	N A
	KAUFERT	Y	N A
	LINTON ^{AUBER}	Y	N A
	COGGS	Y	N A

AYE 15 NO 0 ABS 1

Agenda Item VII: Legislative Reference Bureau—New Positions

Alternative ?????

Note: LRB is doing some major restructuring of their legal department and organizing teams of attorneys based on subject areas (similar to the way that LFB is currently organized).

The goal is to appoint 4 current attorneys as team leaders who will assume both management/supervisory and bill drafting responsibilities, equally divided. LRB is requesting authority for two new attorney positions to make up in the bill drafting area.

Since you have talked to Larry Barish several times about this, I am not providing a formal recommendation.



Legislative Fiscal Bureau

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

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Legislative Reference Bureau: Section 13.10 Request for New Supervisory Positions and New Attorney Positions—Agenda Item VII

The Legislative Reference Bureau (LRB) is seeking the following additional staffing and related funding resources associated with a proposed reorganization of the agency prior to the commencement of the 1999 Legislature.

- First, the LRB is requesting that the Joint Committee on Finance authorize the creation of 7.0 GPR new supervisory positions and simultaneously delete 7.0 GPR existing staff positions in the agency in order to effect a staff reorganization. No additional funding is being requested in connection with the creation of these new supervisory positions.
- Second, the LRB is requesting that the Committee authorize the creation of 2.0 GPR new attorney positions and provide supplemental funding of \$110,000 GPR in 1998-99 associated with these new positions. The LRB proposes that the supplement be provided to its s. 20.765(3)(b) appropriation from the Committee's s. 20.865(4)(a) appropriation.

BACKGROUND

The LRB is currently authorized 56.0 GPR positions. The agency is under the overall direction and management of the Chief of the LRB. Through the 1997-98 fiscal year, the agency has been organized into two principal subunits: a legal section and a reference and library section, each under the supervision of a director. The legal section is primarily responsible for such matters as drafting all legislative proposals and related amendments, developing plain language analyses of bills and resolutions, supervising the enrollment of final bills that have passed both houses and

publishing acts on their date of publication. Currently, drafting attorneys have specific subject area responsibilities and are not organized into policy area teams. The reference and library section is primarily responsible for maintaining a library and state records depository of materials relating to government and public policy issues, responding to information inquiries of legislators and other governmental officials, preparing studies and reports on topics of legislative concern and publishing, on a biennial basis, the Wisconsin Blue Book.

Provisions of 1997 Wisconsin Act 27 transferred the position of Chief of the LRB from the classified civil service to the unclassified service of the state. Subsequently, provisions of 1997 Wisconsin Act 237 converted the remaining 55.0 FTE positions at the LRB from the state's classified civil service to the unclassified service. Under the Act 237 provisions, any new LRB employe employed after the Act's general effective date is hired in the unclassified service. However, a transitional provision also stipulated that all incumbent, classified LRB employes on the Act's general effective date remain in the classified service until July 1, 1999, while holding a position at the LRB.

ANALYSIS

Supervisory Positions. A new Chief of the LRB was appointed on June 16, 1998. Following his review of the agency's mission and existing staffing configurations, a determination was made that the LRB could improve its ability to provide services to the Legislature if the agency were organized on a functional or team basis, as described below.

Under this proposed change, the current complement of drafting attorneys would be reorganized into four separate teams. Each team would be under the general direction of a newly-created supervising attorney. Further, teams would be organized functionally by broad public policy area. [These broad functional areas would likely be the following: General Government, Business and Finance; Human Services and the Courts; Education, Local Government and Taxation; and Transportation and Natural Resources.] The agency's stated rationales for creating teams of drafting attorneys are the following: (1) improved quality control over bill drafts; (2) increased ability to balance workload among attorneys and to improve responsiveness; (3) greater ability to produce more valid employe performance appraisals; and (4) improved internal organization.

All information technology, bill draft editing, word processing and related clerical functions would be placed under the unified supervision of a new administrative services manager to improve the coordination of these activities with the bill drafting process. The new administrative services manager would also assist in the general coordination of all budget bill drafting activities.

The current library and research supervisory function would be split, with all librarian functions being assigned to a new managing librarian and all research and report development functions being assigned to a currently existing research manager position.

A new general counsel position would be created to advise the Chief. The general counsel would be assigned agency-wide duties affecting both the internal workings of the LRB and its external relations.

The Chief of the LRB proposes to promote existing staff into the new supervisory positions described above. If current LRB staff were in the unclassified service, the Chief could designate the required number of supervisory positions from among the total positions authorized to the agency. However, under provisions of 1997 Wisconsin Act 237, existing LRB staff remains classified through June 30, 1999, so this option is not yet available. The Chief of the LRB has consulted with staff of the Department of Employment Relations who advised that the most efficient manner to effect the desired reorganization prior to July 1, 1999, would be to create a total of 7.0 FTE new supervisory positions and simultaneously delete an equivalent number of existing positions. Current LRB classified employees could then be appointed to the newly-created supervisory positions on an acting basis through June 30, 1999, after which time they could be appointed to the positions on a permanent basis in the unclassified service.

Under this proposed approach, the following seven positions would be created and abolished:

<u>Positions Created</u>	<u>Positions Abolished</u>
4.0 Managing Attorneys	4.0 Attorneys 13
1.0 Administrative Services Manager	1.0 Program Assistant 3
1.0 Managing Librarian	1.0 Librarian - Senior
1.0 General Counsel	1.0 Attorney 14 Supervisor

An existing research administrator supervisory position would be used to provide for the new research manager supervisory function.

New Attorney Positions. The Chief of the LRB estimates that the four new managing attorney positions would devote up to one-half of their time to supervisory, training and workflow management duties. A reduced level of continuing bill drafting responsibilities would account for the remainder of their duties. Consequently, the managing attorneys' aggregate additional supervisory responsibilities are estimated to result in an overall reduction in agency-wide bill drafting capabilities equivalent to approximately 2.0 FTE drafting attorneys. The agency is requesting that it be provided with 2.0 GPR new attorney positions to ensure that no such reduction in bill drafting capabilities occurs. The agency also anticipates using these additional attorney positions to even out workload on each of the proposed drafting teams and to begin the development of duplicate drafting specialization on the teams.

The agency is requesting that the Committee authorize 2.0 GPR new attorney positions (these new positions would be unclassified) and provide a supplement of \$110,000 GPR in 1998-99 to fund the new positions, commencing November 1, 1998. The requested funding for each new position is based on a budget of \$54,000 GPR for salaries and fringe benefits and \$1,000 GPR for related supplies and services costs.

However, the Committee may wish to note that when new positions are created and salary and fringe benefits amounts provided, the positions are typically funded at the minimum of the appropriate pay range. To the extent that the agency chooses to hire above the minimum, it must normally reallocate the additional funding required from base level resources. Under this procedure for determining position funding needs, eight months of salary and fringe benefits funding for each new attorney position would amount to \$31,800 GPR (plus an additional \$1,000 GPR each requested for supplies and services). If the Committee acts to provide the 2.0 GPR additional attorney positions, it may wish to consider funding them at the revised level of \$65,600 GPR.

Based on the current balances and levels of expenditure from the agency's s. 20.765(3)(b) general program operations appropriation, there are insufficient funds available to the LRB to fund the new positions. Further, since the agency's proposed reorganization must be accomplished prior to the commencement of the 1999 Legislature and, consequently, cannot be deferred and considered as a budget request, the Committee may wish to consider approving the LRB's request at this time.

ALTERNATIVES

1. Approve the Legislative Reference Bureau's request to: (1) authorize the creation of 7.0 GPR new supervisory positions and simultaneously delete 7.0 GPR existing staff positions in the agency in order to effect a staff reorganization; and (2) authorize the creation of 2.0 GPR new attorney positions and provide associated supplemental funding of \$110,000 GPR in 1998-99 from the Committee's s. 20.865(4)(a) appropriation to the agency's s. 20.765(3)(b) appropriation.

2. Approve the Legislative Reference Bureau's request to: (1) authorize the creation of 7.0 GPR new supervisory positions and simultaneously delete 7.0 GPR existing staff positions in the agency in order to effect a staff reorganization; and (2) authorize the creation of 2.0 GPR new attorney positions and provide associated supplemental funding at a revised level of \$65,600 GPR in 1998-99 from the Committee's s. 20.865(4)(a) appropriation to the agency's s. 20.765(3)(b) appropriation.

3. Deny the request.

Prepared by: Tony Mason

MO# Alt 2

WEEDEN	Y	<input checked="" type="radio"/> N	A
FARROW	<input checked="" type="radio"/> Y	N	A
COWLES	<input checked="" type="radio"/> Y	<input checked="" type="radio"/> N	A
PANZER	<input checked="" type="radio"/> Y	N	A
SCHULTZ	<input checked="" type="radio"/> Y	N	A
ROSENZWEIG	<input checked="" type="radio"/> Y	N	A
BURKE	<input checked="" type="radio"/> Y	N	A
DECKER	<input checked="" type="radio"/> Y	N	A
GARD	Y	<input checked="" type="radio"/> N	A
JOURADA	<input checked="" type="radio"/> Y	N	A
HARSDORF	<input checked="" type="radio"/> Y	N	A
ALBERS	<input checked="" type="radio"/> Y	N	A
PORTER	Y	N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
LINTON <i>HUDER</i>	<input checked="" type="radio"/> Y	N	A
COGGS	<input checked="" type="radio"/> Y	N	A



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER
CHIEF

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REFERENCE FAX: (608) 266-5648

September 2, 1998

Hon. Timothy Weeden, Senate Chair
Hon. John Gard, Assembly Chair
Joint Committee on Finance

Gentlemen:

This is a request for the Committee's consideration under Section 13.10 on behalf of the Legislative Reference Bureau (LRB). I will represent the Bureau in this request.

Summary of Request

This request consists of two related parts, both of which are needed before the next legislative session begins. The benefits of these actions will be realized within the next two years.

Part One is for the creation of seven positions to enable the LRB to create supervisory positions and simultaneous abolishment of seven current positions, with no net increase. I will promote seven current employees of the LRB into these positions. This will give the LRB a middle management structure and improve its ability to provide services for the Legislature quickly and competently. The promotions will not require additional funds.

Part Two is for the creation of two legislative attorney positions to assume a portion of the legal work currently handled by those appointed as managing attorneys and to improve services by increasing the attorneys' duplicate specialization in drafting areas. I will fill these positions through open and competitive recruitment. This request will require \$110,000 in FY 1999 funds.

Background of Request

PART ONE

A. Four Supervisory Attorneys

The LRB needs to improve its response time for requests from legislators while maintaining high quality. These two goals pull in opposite directions. Therefore, I am asking for a net increase of two new attorney positions, which will allow us to create four teams of attorneys with team leaders—a basic change in the management structure of the LRB. The four team leaders will spend up to half of their time on supervisory duties, requiring the equivalent of two positions.

Hon. Timothy Weeden, Senate Chair

Hon. John Gard, Assembly Chair

September 2, 1998

I expect teams will:

- Improve quality control over bill drafts;
- Help balance workloads among attorneys and improve responsiveness;
- Produce more valid employee performance appraisals; and
- Generally improve the LRB's internal organization.

After the appointment of incumbents to these positions, Position Numbers 14005, 14008, 14009, and 14016 should be abolished.

B. Administrative Services Manager

Creation of this position will place all support services (information technology, word processing, editing and clerical) under unified supervision to improve coordination of these critical services in the bill drafting process and the LRB's overall mission of legislative support. The incumbent in this position will assist coordinating the drafting of the budget. After the appointment of an incumbent to this position, Position Number 11001 should be abolished.

C. Managing Librarian

Creation of this position will ensure that one person supervises the library and improve its services. The person in this position will focus on collection development and implement newer technology as it becomes practicable. After the appointment of an incumbent to this position, Position Number 22004 should be abolished.

D. General Counsel

The person in this position will advise me as Chief of the LRB. The position will have substantial agency-wide duties affecting both the internal workings of the LRB and its external relations. After the appointment of an incumbent to this position, Position Number 10002 should be abolished.

PART TWO

I am requesting two legislative attorney positions, to be filled on November 1, 1998, at an annualized base salary of \$60,000 each, (two positions x eight months = \$80,000) plus fringe benefits (\$28,000) and permanent property (\$2,000), for a total of \$110,000. I ask that these funds be transferred from the General Purpose Revenue Funds General Program Supplementation appropriation account, under Section 20.865(4)(a). Actual expenditures may be less. We need these additional attorneys to enable the LRB to expand the duplicate specialization of drafting areas. In the long run, duplicate specialization improves response time by allowing the

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Hon. Timothy Weeden, Senate Chair
Hon. John Gard, Assembly Chair

September 2, 1998

LRB to produce quality bill drafts even if an attorney is absent or if a topic becomes "hot." We want to insure that the most critical subject areas have two expert drafters. Twenty-five years ago, each attorney drafted in all areas. To improve the quality of bill drafting, each attorney began specializing in only a few areas. While specialization has improved our timeliness and drafting quality, it has limited our ability to cover a topic if the attorney assigned to it becomes ill or resigns. Retirements have become an important consideration at the LRB due to the aging of our attorney staff and our recent experience with illnesses. When a topic gets "hot" in the Legislature, the LRB must produce many more bills in that one subject area. Recent examples include crime bills, campaign finance and restructuring the Milwaukee public school system.

The LRB spends a great deal of time drafting the budget bill and the budget adjustment bill, in concert with the Department of Administration and the Legislative Fiscal Bureau. These agencies ask the LRB to draft initial requests and amendments to the bills. The LFB has 28 and DOA has 27 analysts. Additional attorneys will enable the LRB to work better with the budget analysts, as well as maintain a high level of expertise on the Legislature's staff as compared to the staff in the executive branch.

The overall workload of the LRB attorneys has continued to increase—not in the total number of bills, but in the increased complexity of the bills. Statutes must be drafted in the context of other state statutes, court decisions, and federal laws. In recent years, statutory law has become more complex. There are more statutes on the books, which pose ever more potential conflicts. Newer state programs are more intricate and interrelated. Attorneys must consider the impact of more court decisions affecting the existing statutes. The Legislature must consider many more federal statutes, partly because Congress has legislated in areas that it had traditionally left to the states, and partly because federal laws have also gotten more complex. Therefore, a bill drafter must consider a much richer context—no drafts should be prepared without considering that context.

Statutory Criteria

The LRB urgently needs to make these changes so it can effectively and responsively serve the Legislature in the session that begins in January 1999.

Sincerely,



Steve Miller
267-2175

cc: Legislative Fiscal Bureau (2 copies)
Dan Caucutt, Division of Executive Budget and Finance (40 copies)

9/2/98

Joint Committee on Legislative Organization

Wisconsin Legislative Reference Bureau

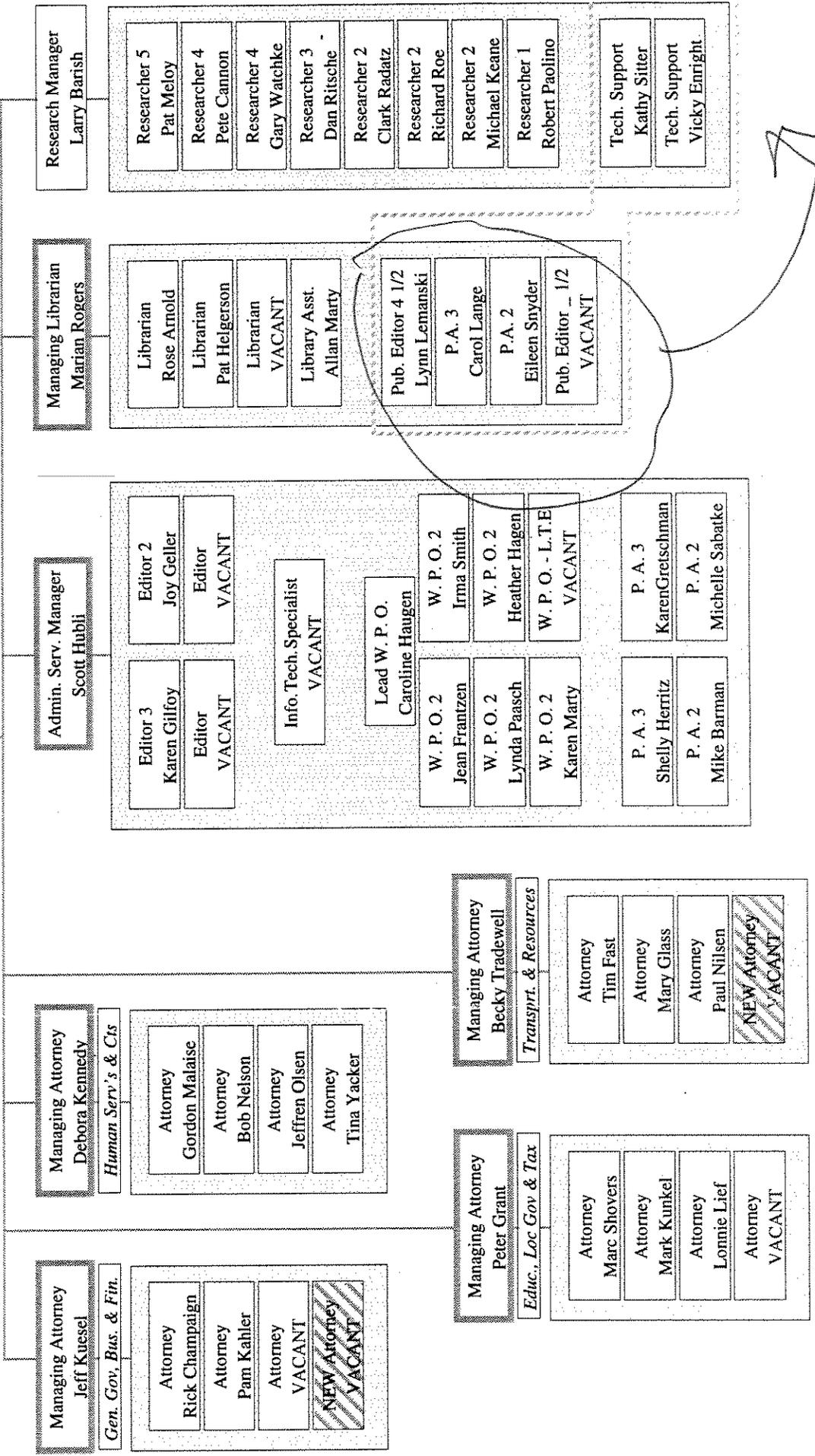
September 1998

Chief
Steve Miller

General Counsel
Peter Dykman

 = new middle-management position

 = new attorney position



Agenda Item VIII—Sesquicentennial Commission Request for Matching Funds

Support Conclusion

Note: LFB says the Commission has met all of the requirements it needs to qualify for the matching grant. They suggest that you approve the request.



Legislative Fiscal Bureau

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

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Wisconsin Sesquicentennial Commission: Section 13.10 Request to Release GPR Matching Funds—Agenda Item VIII

The Wisconsin Sesquicentennial Commission, in an amended request submitted September 15, 1998, is requesting that the Joint Committee on Finance, pursuant to s. 13.101(3m) of the statutes, release \$151,600 GPR from the Committee's separate appropriation for supplementation to the Commission's PR appropriation for gifts and grants. The proposed supplement, as amended, would provide a dollar-for-dollar match from the GPR appropriation for additional gift and grant amounts which: (1) have actually been received by the Commission since the Committee's last meeting and have not been previously matched (\$121,600); and (2) have been newly pledged to the Commission but not yet received (\$30,000).

BACKGROUND

The Wisconsin Sesquicentennial Commission is a 29-member body responsible for planning activities associated with the 150th anniversary of Wisconsin's admission to the union as a state in 1848. The Commission was created pursuant to 1995 Wisconsin Acts 27, 216 and 445. It is attached administratively to the Office of the Governor.

Funding of \$1,250,000 GPR was provided by 1995 Wisconsin Act 445 in a continuing appropriation [s. 20.865(4)(c) of the statutes] available to the Joint Committee on Finance for the purpose of making supplementations to support the Commission's general program operations. Under s. 13.101(3m) of the statutes, as originally created by 1995 Wisconsin Act 445, these funds could be released by the Joint Committee on Finance to the Commission's gifts and grants PR appropriation [s. 20.525(1)(k)] on a dollar-for-dollar matching basis once the Commission provided documentation that: (1) it had initially received a total of \$250,000 in gifts and grants (these initial contributions did not qualify for the release of matching funds); and (2) funds in excess of the

\$250,000 threshold had actually been received by the Commission. This funding release provision was subsequently modified by 1997 Wisconsin Act 27 to permit the release of GPR funds to the Commission to match all gift and grant amounts, regardless of whether such amounts had actually been received or had only been pledged but not yet actually received.

In early 1997, the Commission exceeded the initial \$250,000 gifts and grants threshold. The Committee has subsequently authorized the following releases of GPR funds to the Commission to match gift and grant amounts (received or pledged) that are in excess of this initial \$250,000 threshold:

<u>Date of Release</u>	<u>Amount of Release</u>
March 27, 1997	\$47,055
June 20, 1997	67,153
December 18, 1997	600,097
June 4, 1998	<u>384,167</u>
Total Matching Funds Released To Date:	\$1,098,472

A total of \$151,528 GPR remains in the Committee's s. 20.865(4)(c) appropriation to provide additional matching grants to the Commission.

ANALYSIS

The Committee's action on June 4, 1998, approved the release of a total of \$384,167 GPR in funds to match additional gift and grant amounts of \$128,833 that had been received plus pledged funds totaling \$255,334. Since the Committee's June, 1998, action, a total of \$121,600 in previously unreported and unmatched gifts and grants has been received. The Commission is also requesting the release of matching funds for an additional \$30,000 of new private sector pledges not previously matched.

The Commission has provided supporting documentation confirming both the gift and grant receipts and the additional private sector pledge amounts. No other requirements must be met by the Commission in order for it to qualify for the additional matching funds. However, since the total amount of the Commission's supplementation request (\$151,600) exceeds the remaining balance in the committee's s. 20.865(4)(c) appropriation from which the matching funds are provided (\$151,528), the maximum supplementation the Committee may provide is \$151,528 GPR.

CONCLUSION

The Commission has met the requirements under s. 13.101(3m) of the statutes to receive a further supplementation from the Committee's s. 20.865(4)(c) appropriation to the Commission's s. 20.525(1)(k) appropriation to provide a dollar-for-dollar match for: (1) the additional private sector gifts and grants received since June 4, 1998, and not previously matched (\$121,600 GPR); and (2) the amount of outstanding new pledges due the Commission and not currently matched (\$30,000 GPR). The Committee may, therefore, wish to approve the Commission's supplementation request and release the remaining balance of \$151,528 GPR from the Committee's s. 20.865(4)(c) appropriation to the Commission's appropriation under s. 20.525(1)(k).

Prepared by: Tony Mason

MO#	<i>Conclusion</i>		
1	WEEDEN	Y	N A
	FARROW	Y	N A
	COWLES	Y	N A
	PANZER	Y	N A
	SCHULTZ	Y	N A
	ROSENZWEIG	Y	N A
	BURKE	Y	N A
	DECKER	Y	N A
2	GARD	Y	N A
	OURADA	Y	N A
	HARSDORF	Y	N A
	ALBERS	Y	N A
	PORTER	Y	N A
	KAUFERT	Y	N A
	WINTON HUBER	Y	N A
	COGGS	Y	N A

AYE _____ NO _____ ABS _____

Agenda Item IX (A)—DOA Gifts to Budget Stabilization Fund

Support Conclusion

Note: In order to deposit two private gifts totaling \$12 to the budget stabilization fund, JFC must give its formal approval. Hope you don't get hung up on this one for too long!



Legislative Fiscal Bureau

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

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration: Gifts to the Budget Stabilization Fund--Agenda Item IX-A

The Department of Administration requests that the Joint Committee on Finance accept gifts of \$10 and \$2 for deposit in the budget stabilization fund in accordance with s. 20.907(1).

BACKGROUND

The budget stabilization fund was created by 1985 Wisconsin Act 120. The fund consists of all monies explicitly appropriated into the fund from a separate sum certain GPR appropriation [s. 20.875(1)(a)] created for that purpose plus any interest earnings on monies in the fund. Monies may be expended from the fund via transfer to the general fund as a result of explicit appropriation from a separate SEG appropriation [s. 20.875(2)(q)] created for that purpose. The effect of this structure is that while a separate fund for budget stabilization exists, the deposit of any GPR monies into the fund occurs only when the Governor and the Legislature choose to make a specific appropriation into the fund.

The fund language (s. 25.60) provides that any monies deposited into the fund are then reserved for expenditure in situations where additional monies are required to provide state revenue stability during periods of below-normal economic activity. Such periods are defined as when actual state revenues are lower than the level of general fund revenues estimated for the period in the statutory general fund condition statement established each biennium under s. 20.005(1) of the statutes. In concert with this intent, the language governing appropriation of monies from the budget stabilization fund specifies that any amounts appropriated from the fund for expenditure under s. 20.865(2)(q) are to be transferred to the general fund no later than October 15 of each year.

ANALYSIS

Under s. 20.907(1), a gift, grant, or bequest is not legal and valid until approved by the Joint Committee on Finance. Statutes also specify that any gift, grant or bequest must be executed and enforced in accordance with the donor's wishes. On April 8, 1998, a check for \$10 from Ms. Doris Hanson was received by the State Treasurer's Office with specific instructions to deposit the gift into the budget stabilization fund. On April 14, 1998, a similar request was made by Mr. Nathan Henry along with a \$2 gift to the state. These funds have been deposited in the general fund pending approval of acceptance of the gifts by the Joint Committee on Finance.

There is currently no funding in the budget stabilization fund. The Department of Administration requests that the Committee accept the two gifts and that this funding be placed in the stabilization fund. It should be noted that as a procedural matter, any interest that has accumulated since April, 1998, associated with the gifts should also be placed in the stabilization fund.

CONCLUSION

Given that the donors have made gifts to the state with specific instructions that the monies be placed in the budget stabilization fund, approval by the Committee would place these funds along with any accumulated interest earnings in the stabilization fund.

Prepared by: Jere Bauer

MO# conclusion

1	WEEDEN	<input checked="" type="radio"/>	N	A
	FARROW	<input checked="" type="radio"/>	N	A
	COWLES	<input checked="" type="radio"/>	N	A
	PANZER	<input checked="" type="radio"/>	N	A
	SCHULTZ	<input checked="" type="radio"/>	N	A
	ROSENZWEIG	<input checked="" type="radio"/>	N	A
	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
2	GARD	<input checked="" type="radio"/>	N	A
	OURADA	<input checked="" type="radio"/>	N	A
	HARSDORF	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	PORTER	Y	N	<input checked="" type="radio"/>
	KAUFERT	<input checked="" type="radio"/>	N	A
	JIMSON HUBER	<input checked="" type="radio"/>	N	A
	COGGS	<input checked="" type="radio"/>	N	A

AYE 15 NO 0 ABS 1

Agenda Item IX (B)—DOA and LFB Budget Redesign Study

Support Conclusion

Note: As directed in the 1997-98 state budget, DOA and LFB have developed the parameters for a study on the redesign of the budget process. JFC has to approve the study parameters and subsequently release \$60,000 GPR for the process to go forward. There are no options presented in the analysis and the general outline of the study appears reasonable.



Legislative Fiscal Bureau

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

September 24, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Administration and Legislative Fiscal Bureau: Budget System Redesign Study –
Agenda Item IX-B

REQUEST

The Department of Administration and the Legislative Fiscal Bureau request approval by the Joint Committee on Finance of the parameters of a study related to the redesign of the current state budget system. In order to hire a consultant to conduct the study, DOA and the LFB also request the release of \$60,000 GPR from the Committee's supplemental appropriation (s. 20.865(4)(a)) to DOA's general program operations appropriation (s. 20.505(1)(a)).

BACKGROUND

In 1997 Act 27, \$60,000 GPR was placed in the Committee's supplemental appropriation to support the costs of a study related to the redesign of the state budget system. Prior to the release of these funds, however, the Committee is required to approve the parameters of the study, jointly developed by DOA and the LFB.

CONCLUSION

Attached are the budget system redesign study parameters developed by DOA and the LFB. In accordance with the parameters, the consultant who is hired to conduct the study, would: (a) document the recurring information and data requirements of executive branch agencies; (b) document the recurring information and data requirements of the legislative branch; (c) document the information technologies executive branch agencies use to generate and analyze budget

information and data; (d) document how users of the budget system process budget submissions; (e) identify problems and limitations executive and legislative branch users of the budget system currently experience; (f) assess the adequacy of executive branch agency systems and their outputs in meeting the analysis needs of DOA and the Legislature; (g) identify alternate budget information which may be reasonably generated from the budget system that the executive and legislative branches may want to require agencies to collect; (h) survey budget systems used by other state governments utilizing the services of national governmental organizations; and (i) propose changes and improvements that could be made to the current system, including feasibility, cost, timeline and environmental adaptations that would be needed for each. During each stage of the study, executive and legislative branch agencies would review and respond to information gathered by the consultant to assure its accuracy. Management of the study would be jointly conducted by the Department of Administration's State Budget Office and the Legislative Fiscal Bureau.

The request from DOA and the LFB indicates that once the parameters of the study have been approved and funding for the consultant released, the consultant will be hired by February, 1999, and a final report will be provided to the Governor and Legislature by November, 1999.

Prepared by: Jere Bauer

MO# Conclusion

1	WEEDEN	Y	N	A
	FARROW	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	SCHULTZ	Y	N	A
	ROSENZWEIG	Y	N	A
	BURKE	Y	N	A
	DECKER	Y	N	A
2	GARD	Y	N	A
	OURADA	Y	N	A
	HARSDORF	Y	N	A
	ALBERS	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	LINTON	Y	N	A
	COGGS	Y	N	A

AYE 15 NO 0 ABS 1

STATE OF WISCONSIN

Department of Administration

101 East Wilson Street
10th Floor
Madison, WI 53703



Legislative Fiscal Bureau

One East Main Street
Suite 301
Madison, WI 53703

DATE: September 15, 1998

TO: Members
Joint Committee on Finance

FROM: Richard G. Chandler, State Budget Director
Department of Administration

Bob Lang, Director
Legislative Fiscal Bureau

SUBJECT: Budget System Redesign Study Parameters and Funding

In accordance with 1997 Act 27, the Department of Administration and the Legislative Fiscal Bureau have jointly developed the parameters for a study on redesign of the state budget system. Upon approval of the study parameters by the Joint Committee on Finance, DOA and the Fiscal Bureau request the release of \$60,000 GPR placed in the Committee's supplemental appropriation to hire a consultant to conduct the study.

As directed by Act 27, the Department of Administration and the Legislative Fiscal Bureau have worked together to prepare the study parameters. We believe that the study, as outlined in the attached document, will allow the executive and legislative branches to fully evaluate the current budget system and develop strategies for future budget system redesign efforts.

Thank you for your consideration.

RGC/BL/lah/dls
Attachment

Budget System Reengineering Study Parameters

Request

The Department of Administration, State Budget Office (DOA) and the Legislative Fiscal Bureau (LFB) request the release of \$60,000 GPR from the Joint Committee on Finance's supplemental appropriation (s. 20.865(4)(a)) to DOA's general program operations appropriation (s. 20.505(1)(a)) for consulting services related to the redesign of the state budget system. Consulting activities would be conducted in accordance with the parameters developed by DOA and the LFB and approved by the Committee.

Background

In the 1997-99 budget, the Governor recommended \$325,000 GPR biennially for an evaluation of the current state budget system and technology alternatives that could improve the present system. The funding included \$60,000 GPR for consulting services and the balance to develop and acquire hardware and software. The Legislature authorized \$60,000 GPR for consulting services only and placed it in the supplemental appropriation of the Joint Committee on Finance. Release of funds is subject to the approval by the Committee of a joint report from the Department of Administration and the Legislative Fiscal Bureau defining the parameters of the consultant's study.

Need for Study

The state budget process has evolved over the past 25 years. It is defined by a variety of information technologies and legal and procedural requirements that dictate:

- How state agencies prepare and submit their budget requests;
- How DOA reviews these requests and formulates the Governor's biennial budget recommendations;
- How the LFB analyzes agency requests and the Governor's recommendations and presents policy alternatives to the Joint Committee on Finance and the Legislature; and
- How budgets, once approved, are expended by agencies using accounting system-based rules established by the State Controller's Office.

There are four principal budget process participants who use the current budget system: (a) executive branch agencies in preparing their budget requests; (b) DOA in forming the Governor's recommendations; (c) the LFB in analyzing the Governor's recommendations and in entering legislative budget decisions into the state budget system; and (d) agency accountants in adapting approved budgets to the state accounting system. The budget system is separate from, but related to, the state's accounting system (WisMart) and personnel management information

system (PMIS). The budget computer system provides detailed appropriation information on a line item basis and is directly related to the Chapter 20 appropriation schedule in the statutes. The separate WisMart and PMIS systems are detailed tracking systems for all daily agency financial transactions and position related activities.

Because the current budget system developed incrementally, executive branch agencies, DOA and the Legislature do not fully utilize the benefits of improved information technology (IT) systems that are now available. DOA originally programmed, and currently maintains, the official automated state budget system. In addition, other executive branch agencies have developed automated systems for biennial budget development and implementation of operating budgets. The systems are not consistent and do not interface with the state budget system. The needs of each of the budget process participants are currently being met by individual systems which only minimally share data. This results in: (a) limited access to data; (b) duplicative data entry; and (c) limitations on the kind of budget information that could be used to evaluate spending proposals and monitor spending. Some of the important computer programs needed to create and maintain the budget are outdated and lack adequate documentation.

During the 1990's, the current central and agency budget systems have not been systematically evaluated for adequacy and efficiency or evaluated as to whether they are addressing the budget informational needs of executive and legislative decision makers. Benefits which could accrue from data sharing between the various participants in the state's budget process have also not been studied.

In general, the state has established an approach toward IT issues which examines these issues on a state governmentwide basis, rather than agency by agency. Since the budget system serves all of state government, the system is a good candidate for a review of how a redesign could address several significant needs from a statewide perspective. Leaders in both the executive and legislative branches have shown interest in bringing innovation into budgeting. For example, 1997 Act 27 requires that performance measurement be used by two pilot agencies (the Department of Transportation and the TEACH Board) for preparation of their 1999-01 budget requests.

Currently, the data entry and control functions of the state budget system are performed by DOA. Yet, staff in both executive branch agencies and the LFB have their own interests and needs which relate to differing responsibilities in the budget process. Each of these parties, however, also shares common interests in how the budget system functions and what goes into and comes out of these systems as it relates to these parties' respective work products. One of the focuses of this study would be to look at a shared data base concept, where the stewardship responsibilities for the system could migrate among the main participants in the budget process, giving each hands-on control and operation of the system at appropriate times.

Proposed Goals and Scope of Study

- Verify the core data and information needs of executive and legislative branch participants in budget development and implementation.
- Document how or if these needs are being addressed by agency and statewide procedures and systems.

- Assess the advantages and limitations of the current budget system.
- Outline small- and large-scale modifications to the current budget system, including the costs of these changes, that could deliver specified benefits.

Consultant's Role

The consultant's responsibilities would be to conduct activities to accomplish the goals stated above. The consultant would work with executive and legislative branch participants to elicit information needed to evaluate the current system and would make recommendations for system modifications. Products would include: (a) a summary of findings; (b) an incorporation of appropriate technical perspectives regarding systems into the final report; (c) an identification of the costs and benefits of moving toward a state governmentwide basis for the state budget system; and (d) a final report to the Governor and Legislature.

Study Parameters

The proposed study parameters are as follows:

1. Document the recurring information and data requirements of executive branch agencies, including information and data produced during internal budget deliberations and how these are created and shared. Who is collecting the information, how are they collecting and producing it, and how it is being used? In this phase, the consultant would survey agencies and compile the results. Executive branch agencies would review and respond to the compiled information.

2. Document the recurring information and data requirements of the legislative branch. What information and data is required and how is it used? In this phase, the consultant would survey staff of the LFB and other legislative service agencies. They would review and respond to the compiled information.

3. Document the information technologies executive branch agencies use to generate and analyze budget information and data. How are agencies putting together their budgets? What software and hardware are they using? What are the shortcomings and advantages of the different technologies? In this phase, the consultant would survey executive branch agencies to determine the information technologies currently used in the budget process. The consultant would, as necessary, conduct on-site evaluations of individual executive branch agencies. Executive branch agencies would review and respond to the information generated during this phase.

4. Document how users process budget submissions. How do executive branch agencies solicit budget requests from their program managers? What does DOA do with the data and text submitted by agencies? What does the LFB do with budget information and data? In this phase, the consultant would survey executive branch agencies, DOA and the LFB to determine how agencies generate budget requests and how that information is utilized in the budget process. Executive branch agencies, DOA and the LFB would review and respond to the information generated during this phase.

5. Identify problems and limitations executive and legislative branch users of the budget system currently experience. In this phase, the consultant would survey executive branch agencies, DOA and the LFB. Each of the survey participants would review and respond to the information generated.

6. Assess the adequacy of executive branch agency systems and their outputs in meeting the analysis needs of DOA and the Legislature. In this phase, the consultant would survey executive branch agencies and conduct on-site evaluations as necessary to determine system adequacy.

7. Identify alternate budget information which may be reasonably generated from the budget system that the executive and legislative branches may want to require agencies to collect; for example, performance or outcome measures.

8. Survey budget systems used by other state governments, utilizing the services of national governmental organizations, including the National Governor's Association and the National Conference of State Legislatures. In this phase, the consultant would analyze selected systems of other state governments with innovative and advanced budget systems that meet the needs of both the executive and legislative branches of government. The consultant would then develop detailed information from the selected states and incorporate this information into the final report.

9. Propose a continuum of changes and improvements that could be made, including feasibility, cost, timeline and environmental adaptations that would be needed for each. In this phase, the consultant would make recommendations on the modification of the budget system based on information generated in earlier phases of the study. DOA and the LFB would review the recommendations generated by the consultant.

Implementation Plan

The following table provides a timeline for implementation of the budget system reengineering study. In order to meet the needs of both the executive and legislative branches of government, the study will be jointly administered by DOA's State Budget Office and the Legislative Fiscal Bureau.

September, 1998	DOA/LFB request funds for consultant
November, 1998	Request for Proposals developed by DOA/LFB
December, 1998	DOA distributes Requests for Proposals to potential consultants
February, 1999	Consultant is selected by DOA/LFB
April, 1999	Consultant delivers detailed implementation plan for addressing goals
May-July, 1999	Consultant surveys and interviews executive branch agency participants in the budget process and conducts other research activities
July-September, 1999	Consultant surveys and interviews legislative branch participants in the budget process and conducts other research activities
October, 1999	Consultant produces preliminary report for DOA and LFB review
November, 1999	Final report submitted to Governor and Legislature