

2009 DRAFTING REQUEST

Bill

Received: **01/07/2009**

Received By: **rchampag**

Wanted: **As time permits**

Identical to LRB:

For: **Leah Vukmir (608) 266-9180**

By/Representing: **Deano**

This file may be shown to any legislator: **NO**

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **State Finance - bud generally**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Vukmir@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Zero-based budgeting and GAAP budgeting

Instructions:

See attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rchampag 01/12/2009	jdyer 01/28/2009		_____			State
/1			phery 01/29/2009	_____	sbasford 01/29/2009	mbarman 01/29/2009	State
/2	rchampag 01/29/2009	jdyer 02/02/2009	rschluet 02/02/2009	_____	sbasford 02/02/2009	sbasford 02/02/2009	

FE Sent For: "12" @ intro. 3/6/09

<END>

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/?	rchampag	1/28 jld	1/28 ph	1/28 ph/mb			
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FE Sent For:

<END>

Champagne, Rick

From: Cady, Dean
Sent: Wednesday, January 07, 2009 10:02 AM
To: Champagne, Rick
Subject: New Draft Request

Good morning Rick, deano here. Ok, I hate to do this to you but Leah is wondering if she could have the following Bill drafted; it has two components: 1st - over a 10 year period each Executive Agency MUST go through a zero-based budget; and 2nd - the State Budget adopt/use Generally Accepted Accounting Principles. I hope you're the proper Atty for this one? :)
Let me know if you have any questions - as always, Thankx a mil Rick!
Deano



D. Nall
State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1328/2

RAC:wlj:pg

LRB-1356/1

RAC:jld

9
2007 BILL

UPS
P.W.F.
Please

W.A. (A)

✓ Regen

1 AN ACT to amend 16.42 (1) (intro.); and to create 16.42 (3) of the statutes;
2 relating to: preparation of zero-based biennial budget requests by executive
3 branch agencies.

2011-13

Analysis by the Legislative Reference Bureau

The bill provides that the Department of Administration (DOA), beginning with the ~~2009-11~~ fiscal biennium, must require 20 percent of executive branch agencies to submit their biennial budget requests prepared using the principles of zero-based budgeting for each of their activities, units, and programs. In each fiscal biennium thereafter, DOA must require a different 20 percent of executive branch agencies to submit their biennial budget requests prepared using the principles of zero-based budgeting, except that DOA must require each state agency to do this at least once during any five consecutive fiscal biennia. Under the bill, "zero-based budgeting" is defined as the compilation of a budget in which each component is justified on the basis of cost, need, and relation to the statutory responsibilities of the state agency for which the budget is made.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Insert ✓
Analysis

BILL

Insert
2-21 ✓
1 →

1 SECTION 1. 16.42 (1) (intro.)^x of the statutes is amended to read:

2 16.42 (1) (intro.) All agencies, other than the legislature and the courts, no later
3 than September 15 of each even-numbered year, in the form and content prescribed
4 by the department, but subject to the requirements of sub. (3)[✓], shall prepare and
5 forward to the department and to the legislative fiscal bureau the following program
6 and financial information:

7 SECTION 2. 16.42 (3)^x of the statutes is created to read:

8 16.42 (3) (a) In this subsection, "zero-based budgeting"[✓] means the compilation
9 of a budget in which each component[✓] is justified on the basis of cost, need, and
10 relation to the statutory responsibilities of the state agency for which the budget is
11 made.[✓]

12 (b) 1. Except as provided in subd. 2.[✓], beginning with the ²⁰¹¹⁻¹³~~2009-11~~ fiscal
13 biennium, the department shall require 20 percent of agencies under sub. (1) to
14 submit their biennial budget requests prepared using the principles of zero-based
15 budgeting for each of its activities, units, and programs.[✓] In each fiscal biennium
16 thereafter, the department shall require a different 20 percent of the agencies to
17 submit their biennial budget requests in this form.

18 2. The department shall require each agency to submit its biennial budget
19 request prepared using the principles of zero-based budgeting for each of its
20 activities, units, and programs at least once during any 5 consecutive fiscal biennia.

21 (END)

Insert
2-21 ✓

d-note
↓



2007 BILL

1 AN ACT *to amend* 16.47 (1); and *to create* 13.39 and 16.467 of the statutes;
 2 relating to: preparation and passage of biennial budget bill or bills, state
 3 budget deficit, and generally accepted accounting principles.

INSERT
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Insertion, under
Analysis by the Legislative Reference Bureau

Under current law, ~~the Department of Administration (DOA)~~ is required to submit, as part of the biennial budget report, a comparison of the state's budgetary surplus or deficit according to generally accepted accounting principles (GAAP), as reported in any audited financial report prepared by DOA for the most recent fiscal year, and the estimated change in the surplus or deficit based on recommendations in the biennial budget bill or bills. GAAP are those principles for state and local governments adopted by the Governmental Accounting Standards Board (GASB). Organized in 1984, GASB is an independent organization founded to establish standards of financial accounting and reporting for state and local governmental entities. Its standards generally guide the preparation of external financial reports of those entities.

INSERT
Analysis

This bill provides that, beginning on January 1, ~~2007~~²⁰¹¹, the legislature may not pass any biennial budget bill or bills that would produce a state budget deficit according to GAAP. The bill further requires that, beginning on January 1, ~~2007~~²⁰¹¹, the executive budget bill or bills must be prepared according to GAAP and that the bill

✓

BILL

or bills may not contain recommendations for the succeeding biennium that create a state budget deficit, according to GAAP. (end ins analysis)

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 13.39^x of the statutes is created to read:

13.39 State budget deficit. Beginning on January 1, 2011, the legislature may not pass any biennial budget bill or bills that would produce a state budget deficit according to generally accepted accounting principles, as adopted by the governmental accounting standards board or its successor bodies.

SECTION 2. 16.467^x of the statutes is created to read:

16.467 Preparation of executive budget bill or bills according to generally accepted accounting principles. Beginning on January 1, 2011, the executive budget bill or bills shall be prepared according to generally accepted accounting principles, as adopted by the governmental accounting standards board or its successor bodies.

SECTION 3. 16.47^x (1) of the statutes is amended to read:

16.47 (1) Except as provided in s. 16.529 (2), the executive budget bill or bills shall incorporate the governor's recommendations for appropriations for the succeeding biennium. The appropriation method shown in the bill or bills shall in no way affect the amount of detail or manner of presentation which may be requested by the joint committee on finance. Appropriation requests may be divided into 3 allotments: personal services, other operating expenses and capital outlay or such other meaningful classifications as may be approved by the joint committee on finance. Beginning on January 1, 2011, no executive budget bill or bills may contain recommendations for the succeeding biennium that create a state budget deficit.

end budget

INS
2-1

INS
2-21

INS
2-21

✓

BILL

*end of
2-21*

1 according to generally accepted accounting principles, ✓ as adopted by the
2 governmental accounting standards board ✓ or its successor bodies.

3

~~UNDA~~

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1359/1dn
RAC:jld:rs

March 1, 2007 } new date

LRB-1356/1dn
RAC:jld

* There may be an issue under s. 16.47 (1) with respect to requiring the governor by law to prepare an executive budget bill that is balanced according to generally accepted accounting principles (GAAP). In *State ex rel. Warren v. Nusbaum*, 59 Wis. 2d 391, 449-450 (1973), the court stated that "Whatever recommendations the governor chooses to make to the legislature relating to appropriations are constitutionally committed to his discretion." Hence, it would appear that it is within the governor's constitutional powers to submit a bill that is or is not balanced according to GAAP.

Also, please note that s. 13.39 is not legally enforceable, but rather is a rule of proceeding under article IV, section 8, of the Wisconsin Constitution. The supreme court has held that the remedy for noncompliance with this type of provision lies exclusively within the legislative branch. See *State ex rel. La Follette v. Stitt*, 114 Wis. 2d 358, 363-369 (1983). In other words, while this type of provision may be effective to govern internal legislative procedure, and prevent the legislature from passing certain bills, the courts will not enforce this type of provision if the legislature does not follow it.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1356/1dn
RAC:jld:ph

January 29, 2009

There may be an issue under s. 16.47 (1) with respect to requiring the governor by law to prepare an executive budget bill that is balanced according to generally accepted accounting principles (GAAP). In *State ex rel. Warren v. Nusbaum*, 59 Wis. 2d 391, 449-450 (1973), the court stated that "Whatever recommendations the governor chooses to make to the legislature relating to appropriations are constitutionally committed to his discretion." Hence, it would appear that is within the governor's constitutional powers to submit a bill that is or is not balanced according to GAAP.

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Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.wisconsin.gov

Barman, Mike

From: Cady, Dean
Sent: Thursday, January 29, 2009 11:53 AM
To: LRB.Legal
Subject: Draft Review: LRB 09-1356/1 Topic: Zero-based budgeting and GAAP budgeting

Please Jacket LRB 09-1356/1 for the ASSEMBLY.

Champagne, Rick

From: Cady, Dean
Sent: Thursday, January 29, 2009 1:56 PM
To: Champagne, Rick
Subject: RE:

Rick, I just noticed that the structural deficit date in 1356 is Jan 1, 2011, could we match that with the date in the AJR 1825, which is 2015-16?

From: Champagne, Rick
Sent: Thursday, January 29, 2009 1:48 PM
To: Cady, Dean
Subject: RE:

Not a problem.

From: Cady, Dean
Sent: Thursday, January 29, 2009 1:47 PM
To: Champagne, Rick
Subject: RE:

Hi Rick, I apologize but I accidently hit the jacket button on the 1st draft sent over - my BAD! I will send the jacket back over.
Again, I'm totally sorry.
deano

From: Champagne, Rick
Sent: Thursday, January 29, 2009 10:11 AM
To: Cady, Dean
Subject:

Deano--09-1356 should be out shortly. I will put in the prohibition on passing the budget bill in a redraft. Sorry I didn't get to it before it was done.

Rick



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1356/2
RAC:jld:ph

Joan
2009 BILL

RMR

- regm. cat

1 AN ACT *to amend* 16.42 (1) (intro.) and 16.47 (1); and *to create* 13.39, 16.42 (3)
2 and 16.467 of the statutes; **relating to:** preparation of zero-based biennial
3 budget requests by executive branch agencies, preparation and passage of
4 biennial budget bill or bills, state budget deficit, and generally accepted
5 accounting principles.

Analysis by the Legislative Reference Bureau

The bill provides that the Department of Administration (DOA), beginning with the 2011-13 fiscal biennium, must require 20 percent of executive branch agencies to submit their biennial budget requests prepared using the principles of zero-based budgeting for each of their activities, units, and programs. In each fiscal biennium thereafter, DOA must require a different 20 percent of executive branch agencies to submit their biennial budget requests prepared using the principles of zero-based budgeting, except that DOA must require each state agency to do this at least once during any five consecutive fiscal biennia. Under the bill, "zero-based budgeting" is defined as the compilation of a budget in which each component is justified on the basis of cost, need, and relation to the statutory responsibilities of the state agency for which the budget is made.

In addition, under current law, DOA is required to submit, as part of the biennial budget report, a comparison of the state's budgetary surplus or deficit according to generally accepted accounting principles (GAAP), as reported in any audited financial report prepared by DOA for the most recent fiscal year, and the

BILL

estimated change in the surplus or deficit based on recommendations in the biennial budget bill or bills. GAAP are those principles for state and local governments adopted by the Governmental Accounting Standards Board (GASB). Organized in 1984, GASB is an independent organization founded to establish standards of financial accounting and reporting for state and local governmental entities. Its standards generally guide the preparation of external financial reports of those entities.

This bill provides that ~~beginning on January 1, 2011~~ ^g the legislature may not pass any biennial budget bill or bills that would produce a state budget deficit according to GAAP. The bill further requires that, beginning on January 1, 2011, the executive budget bill or bills must be prepared according to GAAP and that the bill or bills may not contain recommendations for the succeeding biennium that create a state budget deficit, according to GAAP.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 13.39 of the statutes is created to read:

2 **13.39 State budget deficit.** ~~Beginning on January 1, 2011,~~ ^{g T} the legislature

3 may not pass any biennial budget bill or bills that would produce a state budget
4 deficit according to generally accepted accounting principles, as adopted by the
5 governmental accounting standards board or its successor bodies.

6 SECTION 2. 16.42 (1) (intro.) of the statutes is amended to read:

7 16.42 (1) (intro.) All agencies, other than the legislature and the courts, no later
8 than September 15 of each even-numbered year, in the form and content prescribed
9 by the department, but subject to the requirements of sub. (3), shall prepare and
10 forward to the department and to the legislative fiscal bureau the following program
11 and financial information:

12 SECTION 3. 16.42 (3) of the statutes is created to read:

13 16.42 (3) (a) In this subsection, "zero-based budgeting" means the compilation
14 of a budget in which each component is justified on the basis of cost, need, and

Insert Analysis ✓

For the 2015-17 and succeeding fiscal biennia ✓

for the 2015-17 and succeeding fiscal biennia ✓

BILL

1 relation to the statutory responsibilities of the state agency for which the budget is
2 made.

3 (b) 1. Except as provided in subd. 2., beginning with the 2011-13 fiscal
4 biennium, the department shall require 20 percent of agencies under sub. (1) to
5 submit their biennial budget requests prepared using the principles of zero-based
6 budgeting for each of its activities, units, and programs. In each fiscal biennium
7 thereafter, the department shall require a different 20 percent of the agencies to
8 submit their biennial budget requests in this form.

9 2. The department shall require each agency to submit its biennial budget
10 request prepared using the principles of zero-based budgeting for each of its
11 activities, units, and programs at least once during any 5 consecutive fiscal biennia.

12 **SECTION 4.** 16.467 of the statutes is created to read:

13 **16.467 Preparation of executive budget bill or bills according to**
14 **generally accepted accounting principles.** Beginning on January 1, 2011, the
15 executive budget bill or bills shall be prepared according to generally accepted
16 accounting principles, as adopted by the governmental accounting standards board
17 or its successor bodies.

18 **SECTION 5.** 16.47 (1) of the statutes is amended to read:

19 16.47 (1) Except as provided in s. 16.529 (2), the executive budget bill or bills
20 shall incorporate the governor's recommendations for appropriations for the
21 succeeding biennium. The appropriation method shown in the bill or bills shall in
22 no way affect the amount of detail or manner of presentation which may be requested
23 by the joint committee on finance. Appropriation requests may be divided into 3
24 allotments: personal services, other operating expenses and capital outlay or such
25 other meaningful classifications as may be approved by the joint committee on

BILL

SECTION 5

1 finance. Beginning on January 1, 2011, no executive budget bill or bills may contain
2 recommendations for the succeeding biennium that create a state budget deficit,
3 according to generally accepted accounting principles, as adopted by the
4 governmental accounting standards board or its successor bodies.

5  (END)

*Insert
4-5 ✓*



2009 ASSEMBLY JOINT RESOLUTION

1 Relating to: passage of executive budget bill for 2009-11 fiscal biennium.

Finally
= Finally
2 ↑
comma

Analysis by the Legislative Reference Bureau

This joint resolution provides that neither house of the legislature may pass the executive budget bill for the 2009-11 fiscal biennium, if that bill appropriates federal economic stimulus funds, unless the governor submits a plan to the legislature to eliminate the state's structural deficit by the end of the 2015-16 fiscal year. Under the joint resolution, "federal economic stimulus funds" is defined to mean federal moneys received by the state, pursuant to federal legislation enacted during the 111th Congress for the purpose of reviving the economy of the United States.

INSERT
Analysis

bill

2 *Resolved by the assembly, the senate concurring, That:*

SECTION # Joint rule 8m is created to read: NON Statutory Section

PROVISIONS.

Joint Rule 8m. Vote on executive budget bill for the 2009-11 fiscal

biennium Neither house of the legislature may pass the executive budget bill for the 2009-11 fiscal biennium, if that bill appropriates federal economic stimulus funds, unless the governor submits a plan to the legislature to eliminate the state's structural deficit by the end of the 2015-16 fiscal year. In this section, "federal economic stimulus funds" means federal moneys received by the state, pursuant to

3 fix component

4

5

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9



INSERT 4-5
CONT.

end
4/5

1 federal legislation enacted during the 111th Congress[✓] for the purpose of reviving the
2 economy of the United States.[✓]

3

~~END~~