2013 DRAFTING REQUEST

Assembly Amendment (AA-AB40)

Received:	**5/10/2013**	Received By:	**mgallagh**
Wanted:	**As time permits**	Same as LRB:	
For:	**Legislative Fiscal Bureau**	By/Representing:	**Austin**
May Contact:		Drafter:	**mgallagh**
Subject:	**Occupational Reg. - misc**	Addl. Drafters:	
		Extra Copies:	

Submit via email: **YES**
Requester's email: **Legislative Fiscal Bureau**
Carbon copy (CC) to: **michael.gallagher@legis.wisconsin.gov**

Pre Topic:

LFB:.....Austin -

Topic:

Clarify appropriation for administrative costs of DSPS

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/P1	mgallagh 5/17/2013	wjackson 5/17/2013	phenry 5/20/2013	_____ _____	srose 5/20/2013		

FE Sent For:

<END>

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/P1	mgallagh	/p1 wlj 5/17	5/20 ph	ph 8/			

FE Sent For:

<END>

Gallagher, Michael

From: Austin, Sam
Sent: Friday, May 10, 2013 11:33 AM
To: Gallagher, Michael
Cc: CM (Charlie.Morgan@legis.wisconsin.gov)
Subject: DSPS -- Paper #571 (1 of 4)

Hi Mike,

This is the 1st of 4 e-mails on JFC action on DSPS from yesterday. (There was a fifth action to delete the transfer of the EAB to DSPS, but the tech college analyst here is requesting that yank draft.)

The Committee adopted Alternatives 2, 4, and 5 in the attached paper. (Alternatives 2 and 5 are Chapter 20 file maintenance that I'll take care of.)

Alternative 4 makes a change to 20.165(1)(kd), which is an administrative appropriation that charges DSPS appropriations under 20.165(2) for administrative costs (the Regulation of Industry Safety and Buildings program). The statutes don't make it clear that (1)(kd) only charges program 2 for administrative costs, and Alternative 4 would make this explicit in the statutes.

See paper here:
http://legis.wisconsin.gov/lfb/publications/budget/2013-15%20Budget/Documents/Budget%20Papers/571.pdf

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May 9, 2013 | Joint Committee on Finance | Paper #571

Information Technology Modernization (DSPS -- Departmentwide and Professional Regulation)

[LFB 2013-15 Budget Summary: Page 413, #2]

CURRENT LAW

The Department of Safety and Professional Services (DSPS) was created under provisions of 2011 Act 32 (the 2011-13 biennial budget act) by incorporating functions of the former Department of Regulation and Licensing (DRL) and the former Department of Commerce. DSPS regulates various professional and trade occupations, oversees certain safety and building standards, and administers the petroleum environmental cleanup fund award (PECFA) and petroleum tanks inspection program. Multiple independent credentialing boards, such as the Medical Examining Board, are attached administratively to DSPS.

After the agencies were merged, certain positions that provide administrative support services (including information systems, budgeting, and accounting services) were budgeted in two ways. Administrative and support services for the regulation of professions ("Program 1") are budgeted directly in each general program operations appropriation. Administrative and support services for the regulation of industry, safety and buildings ("Program 2") are budgeted in a program revenue-service appropriation and funded through charges to those appropriations. For administrative support services provided to Program 2, funding is "double-counted" -- once in the Program 2 operating budgets, and again in the PR charge-back appropriation. Base funding for the administrative charge-back appropriation is $3,196,400 PR, which includes support for 27.0 PR positions.

GOVERNOR

Provide $1,455,000 PR in 2013-14, and $1,425,000 PR in 2014-15 to fund improvements to DSPS information technology (IT) systems. All of this funding increase is budgeted in the agency's administrative services charge-back appropriation under s. 20.165(1)(kd).

In addition to this IT modernization item, the bill would also transfer 10.0 IT positions from

DSPS to the Division of Enterprise Technology (DET) in the Department of Administration (DOA), with DOA charging DSPS for IT services provided. That proposal is discussed in LFB issue paper #572.

DISCUSSION POINTS

1. The administration indicates that certain software and other IT applications currently in use for public access to licensing information and for DSPS employee activities are outdated, with some operations manually conducted on a paper-based system. The planned modernization activities include software upgrades or replacements, transition to a paperless system for credentialing and other functions, and implementation of a web-based system to allow DSPS staff to access data and file reports from the field. DSPS indicates that this modernization project would improve its provision of services to regulated professionals, and allow DSPS employees to complete their work more efficiently.

2. DSPS plans to undertake the following activities, some of which will not begin until after the 2013-15 biennium:

- *Online License Application.* Currently, there is no online system for individuals or companies to submit initial licensure materials, and paper-based applications must be submitted and processed manually. DSPS anticipates moving to an online system will decrease the time needed to approve license applications. The Department would complete three phases of implementation by FY 2015-16.

- *Consolidation of former DRL and Commerce Licensing Systems.* DRL and the Department of Commerce each had its own electronic system for keeping records on credential holders, and DSPS continues to use both systems. DSPS would consolidate and update these two systems so that Department can use the same licensing process and program for all professions, with implementation occurring during FY 2015-16.

- *Rewriting Data System Languages.* Several DSPS IT systems are based on outdated programming "languages," which DSPS would update under this proposal. This would eliminate situations where there is no longer any IT support for the old systems, and allow for new functions to be incorporated into the systems. DSPS plans to finish these program rewrites by FY 2016-17.

- *Fee Payment System Redesign.* The systems for processing credential fees are a combination of former DRL and Department of Commerce programs, and do not provide the capability for online payments for all professions. DSPS plans to consolidate the old systems and enable online payments. No activity is planned during the 2013-15 biennium, and the full redesign would be implemented by FY 2016-17.

- *Mobile Workforce Initiative.* DSPS plans to provide field staff with mobile devices in the form of tablets to access information while conducting on-site inspections. The Department would purchase 50 tablets in FY 2013-14, which would cost a total of $30,000 in one-time purchase and setup costs. In addition, during the 2015-17 biennium, DSPS plans to develop and modify applications so that DSPS staff can make real-time reports from the field.

- *Collaboration with Business Partners.* Finally, DSPS plans to improve its ability to interact electronically with certain business partners such as schools or trade associations. These possible improvements include the following: (a) data access options; (b) prescription drug monitoring program partnerships; (c) electronic building plan review; (d) electronic updating and tracking of licenses for organizations with a licensed workforce; and (e) electronic delivery of credentials. DSPS plans to begin this project in the 2017-19 biennium.

3. The funding in the bill would support: (a) 9.0 contracted IT positions that would develop new applications, and update old IT systems for the projects described above; (b) $225,000 annually for software licenses and "off-the-shelf" software; and (c) $30,000 in 2013-14 to purchase mobile devices (tablets) for DSPS field staff.

4. DSPS estimated the need for the 9.0 contracted positions based on consultation with DET and other state agencies on the expected need for the planned projects, rather than by estimating the number of hours needed to complete each of the modernization plan components. There is no detailed budget demonstrating the need for 9.0 contracted staff to accomplish the stated IT goals.

5. The Legislature has enacted provisions, under s. 16.976(1) of the statutes, that are intended to ensure that it has sufficient information on the costs and benefits of new IT initiatives proposed by executive branch agencies. Under this provision, each executive branch agency is required to identify all proposed IT projects that serve the agency's business needs, the priority for undertaking such projects, and the justification for each project. In each even-numbered year, the plan must include identification of any IT projects that the agency plans to include in its biennial budget request. In its report for fiscal year 2013-14 (dated April, 2013), DSPS identified the following four potential projects with a total anticipated cost of $594,500: (a) consolidation of former DRL and Commerce licensing systems; (b) online credit card payments; (c) electronic data transfer of exam scores; and (d) online licensure application system expansion.

6. If the Committee determines that funding the information technology projects described under Discussion Point 2 would benefit professionals regulated by DSPS, and is a priority use of fee revenue contributed by professions regulated by DSPS, it could approve the Governor's recommendation (Alternative 1). DSPS expenditure authority would increase, and the Department could hire private IT contractors to work on the modernization activities.

7. The safety and buildings operations appropriation in Program 2 would need to support some of the cost of the IT modernization project, due to the way administrative costs are allocated across the Department. However, as discussed in LFB budget paper #579 on safety and buildings staff, revenue projections for that appropriation show a shortfall of approximately $1.2 million compared to the expenditures authorized under the bill. The Governor's bill did not account for the projected revenue shortfall in the safety and buildings appropriation when budgeting for the IT modernization project. Revenues in the safety and buildings operations appropriation are expected to fall well short of authorized expenditures in the 2013-15 biennium, even without these additional IT charges. Even if additional expenditure authority were provided for IT costs for this item, the lack of available revenues would necessitate expenditure reductions in other safety and building areas to pay for the administrative chargebacks.

8. Alternative 1 includes certain changes to the bill to correctly implement the administration's intent. The bill would be modified to conform to the DSPS administrative charge-back system as follows: (a) $717,300 PR in 2013-14 and $702,400 PR in 2014-15 would be reallocated from the administrative services appropriation to other appropriations in Program 1, as these costs are funded directly in the Program 1 operating budgets; and (b) $33,200 PR in 2013-14 and $32,500 in 2014-15 would be added to the fire prevention and fire dues appropriation to fund the chargebacks for these IT costs. No additional expenditure authority would be provided to the safety and buildings appropriation because that appropriation is not projected to have sufficient revenues for any increase in expenditures.

9. Given the lack of information linking the 9.0 contractor positions to the staff time needed to accomplish the planned activities, the Committee could reduce funding for this item by 50% (Alternative 2). This alternative would provide a funding amount closer to what DSPS showed in anticipated costs in its 2013-14 IT plan described in Discussion Point 5.

10. Adopting Alternative 2 would likely increase the time it would take to complete each project, and require the Department to prioritize current planned projects and submit additional justification for further work on these projects as part of its 2015-17 biennial budget request. Total funding in the bill would be reduced by $710,900 PR in 2013-14 and by $696,100 PR in 2014-15. This would include the reallocation of $358,600 PR in 2013-14 and $351,300 PR in 2014-15 to the correct appropriations in Program 1, and would the provision of $16,600 PR in 2013-14 and $16,300 PR in 2014-15 to the fire prevention and fire dues appropriation to pay for the administrative chargebacks. The safety and buildings appropriation would not be provided any additional expenditure authority (because of insufficient projected revenues), and that appropriation would have to absorb chargebacks of $352,300 in 2013-14 and $345,000 in 2014-15 by reducing expenditures elsewhere in that appropriation.

11. Finally, if the Committee determines that there is insufficient information regarding the benefits that would be provided by these IT enhancements, does not view these projects as a priority use of funds contributed by the professions DSPS regulates, or is concerned with the insufficient revenues available to fund these projects in the safety and buildings appropriation, it could delete this item (Alternative 3). This would reduce agency expenditures, increase unexpended fee balances, and delay or cancel the planned IT modernization activities. Potential improvements for regulated professions would not be realized, or would be realized more slowly within the agency's current IT budget.

12. In addition to any of the funding alternatives described above, the administrative services appropriation could be modified to specify that it funds administrative services charged to programs other than Program 1, rather than all DSPS programs (Alternative 4). This would clarify the appropriation language to more accurately reflect DSPS budgeting for administrative services.

13. The Department anticipates that some of the IT modernization projects will take several years to complete, requiring the commitment of funding through the 2019-20 fiscal year. For this reason, the Governor recommended that funding for these IT services be provided as ongoing, rather than one-time funding. If the Governor's funding request is approved with the funding modifications described in Discussion Point 8, the funding for these projects will be part of the agency's base budget for the 2015-17 biennium. If the Committee wished to review the need for

funding these initiatives as part of the 2015-17 budget, including the progress DSPS has made in completing these projects, it could provide the funding on a one-time basis, which would require DSPS to again request funding and provide justification for these projects as part of its 2015-17 budget request (Alternative 5).

ALTERNATIVES

1. Approve the Governor's recommended funding level for DSPS IT modernization activities, so that a total of $1,455,000 in 2013-14 and $1,425,000 in 2014-15 would be provided. In addition, increase funding in the bill by $33,200 PR in 2013-14 and by $32,500 PR in 2014-15 and reallocate funding in the bill as described in Discussion Point 8 to allocate funding based on the agency's system for funding administrative costs.

ALT 1	Change to Bill Funding
PR	$65,700

2. Modify the Governor's recommendation to reduce by 50% the amount of funding that would be available for information technology projects so that a total $727,500 in 2013-14 and $712,500 in additional funding would be provided to accomplish the IT modernization project. Reduce funding in the bill by $710,900 PR and $696,100 PR in 2014-15 and reallocate funding remaining in the bill to the correct appropriations.

ALT 2	Change to Bill Funding
PR	- $1,407,000

3. Delete provision. Reduce funding in the bill by $1,455,000 PR in 2013-14 and by $1,425,000 PR in 2014-15.

ALT 3	Change to Bill Funding
PR	- $2,880,000

4. In addition to Alternative 1, 2 or 3, specify that the current administrative services appropriation provides services on a charge-back basis to DSPS programs other than Program 1.

5. In addition to Alternatives 1 or 2, allocate all funding provided under this item as one-time funding, so that DSPS would be required to request funding for the continuation of these IT projects as part of its 2015-17 budget submission.

Prepared by: Sam Austin and Charles Morgan

In: 5/17

State of Wisconsin
2013 – 2014 LEGISLATURE

LRBb0078/P1
MPG:.....
WLJ

LFB:.....Austin – Clarify appropriation for administrative costs of DSPS

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY BILL 40

At the locations indicated, amend the bill as follows:

1. Page 337, line 9: after that line insert:

"**SECTION 205q.** 20.165 (1) (kd) of the statutes is renumbered 20.165 (2) (kd) and amended to read:

20.165 **(2)** (kd) *Administrative services.* The amounts in the schedule for administrative and support services for programs administered by the department relating to the regulation of industry, buildings, and safety. All moneys received by the department from the department under this subsection, except for moneys directed to be deposited under ~~pars. (ka), (kb), and (kc) and sub. (2)~~ par. (ks), as payment for administrative and support services for programs administered by the department shall be credited to this appropriation.".

1 **2.** Page 338, line 9: after that line insert:

2 "**SECTION 209q.** 20.165 (2) (ka) of the statutes is amended to read:

3 20.165 **(2)** (ka) *Interagency agreements.* All moneys received through contracts
4 or financial agreements for provision of services to other state agencies relating to
5 the regulation of industry, buildings, and safety, except moneys appropriated under
6 par. (kd) or (ks) or ~~sub. (1) (kd)~~, for the purpose of providing the services.".

7 **(END)**

State of Wisconsin
2013 – 2014 LEGISLATURE

LRBb0078/P1
MPG:wlj:ph

LFB:.....Austin – Clarify appropriation for administrative costs of DSPS

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