

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>19-5378/1</b>	<b>Introduction Number</b> <b>AB-0835</b>
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**Description**  
 creating a legislative office of inspector general and making an appropriation

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs		<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.437(3)(a) and (3)(k)

<b>Agency/Prepared By</b> DCF/ Sasha Bong (608) 422-6348	<b>Authorized Signature</b> Kim Swissdorf (608) 422-6351	<b>Date</b> 2/13/2020
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## Fiscal Estimate Narratives

DCF 2/13/2020

LRB Number	19-5378/1	Introduction Number	AB-0835	Estimate Type	Original
<b>Description</b> creating a legislative office of inspector general and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 835 creates a Legislative Office of the Inspector General (OIG), consisting of 14 inspectors general and staff that would be assigned to and housed at the headquarters of certain state agencies, the Board of Regents of the University of Wisconsin System, the Wisconsin Economic Development Corporation, and the Wisconsin Housing and Economic Development Authority. The bill eliminates existing Offices of the Inspector General at the Departments of Health Services and Children and Families. Each agency must provide office space for the assigned Legislative Inspector General and must pay for services provided.

Currently, DCF has an OIG staffed by 6.0 FTE positions with a total budget of \$852,700 (\$395,600 GPR and \$457,100 PR-S). For the purposes of this fiscal estimate, it is assumed that the Departments of Workforce Development and Children and Families would split the costs of a Legislative OIG according to each agency's proportional budget size. Using this methodology, DWD would pay 20.6 percent of the Legislative OIG's costs, and DCF would pay the remaining 79.4 percent. The Department of Workforce Development estimates total annualized costs for the inspector general at \$178,900 with one-time costs of \$3,500. Assuming DCF pays 79.4 percent of these total costs, DCF would pay \$144,800 for the shared inspector general in the first year and \$142,000 annually thereafter. It is unknown how many staff the inspector general would appoint to perform OIG duties. This cost estimate would increase if additional staff were hired to support the Legislative OIG shared by DWD and DCF.

This bill also prohibits agencies from expending any savings generated by a Legislative OIG investigation until the costs incurred by the Legislative OIG relating to the investigation are paid. In the 2019-21 biennium, approximately \$758.9 million, or 56 percent, of DCF's budget consists of federal funding. Each federal program is likely to have different requirements as to how recovered funds are treated, which could prohibit DCF from using recovered federal funds to pay costs associated with a Legislative OIG investigation. Therefore, this fiscal estimate assumes that DCF would need to retain the GPR portion of its current OIG budget, totaling \$395,600, in order to have sufficient funding available to pay for Legislative OIG costs that cannot be paid using recovered federal funds.

Considering the SFY20 budget of DCF's current OIG (\$852,700), when the estimated costs of AB 835 (\$144,800 in year and \$142,000 thereafter) and GPR retention to cover any prohibition against using recovered federal funds to pay for the Legislative OIG (\$395,600) are accounted for, the net savings estimated as a result of the bill total \$312,300 PR-S in the first year and \$315,100 PR-S annually thereafter.

Although this fiscal estimate calculates net savings, savings are only achievable to the extent costs do not increase. Any increase in staff or other costs associated with the Legislative OIG would result in decreased cost savings to DCF. In addition, the net savings calculated in this estimate do not reflect the decrease in hours that would be dedicated to DCF OIG efforts under the structure created in AB 835. Currently, with 6.0 FTE positions, DCF has capacity for 12,480 hours of work dedicated to OIG functions. Under the bill, DCF would have fewer hours available for OIG-related work per person. Under the current DCF OIG structure, each FTE position has 2,080 hours available for OIG functions. Assuming the cost-sharing split between DCF and DWD also applies to the hours spent for each agency's work, each FTE position in the Legislative OIG created in AB 835 would have approximately 1,652 hours available for DCF OIG work.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> creating a legislative office of inspector general and making an appropriation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$-446,200
	(FTE Position Changes)		(-6.0 FTE)
	State Operations - Other Costs	144,800	-10,900
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$144,800</b>	<b>\$-457,100</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS	144,800	-457,100
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$-312,300	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>			
DCF/ Sasha Bong (608) 422-6348		<b>Authorized Signature</b>	<b>Date</b>
		Kim Swissdorf (608) 422-6351	2/13/2020