

**1999 DRAFTING REQUEST**

**Bill**

Received: **10/14/98**

Received By: **yacketa**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Sajna**

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

Drafter: **champra**

May Contact:

Alt. Drafters:

Subject: **State Government - miscellaneous**

Extra Copies: **TAY**

**Topic:**

DOA:.....Sajna - Excess federal funding

**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>
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**CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN  
Department of Administration

**Date:** October 14, 1998

**To:** Steven Miller, LRB

**From:** Jennifer Sajna, (6-8219) ~~MS~~  
SBO

**Subject:** 1999-01 Biennial Budget Drafting Requests

I have several additional drafting requests for the 1999-01 biennial budget. They include:

- 1) **TANF Oversight** – In an attempt to clarify when DWD has to obtain JCF approval for the use of these funds, please exempt TANF and CCDF from the federal block grant review process under s.16.54(2)(a)2 (preferably by placing a “notwithstanding s.16.54(2)(a)2” in s.49.175 and s.49.155(1g) ). In addition, in order to better tie the allocations in s.49.175 to the chapter 20 schedule and to allow partial vetoes of separate legislation that uses TANF or CCDF, please modify appropriations s.20.445(3)(mc) and 3(md) to be federal annual instead of federal continuing and include language in s.49.175 that allows the department to access any “ending balance” by using a JCF 14 day passive review process. Once the budget is determined for W-2 and Child Care, I will send updated allocations for 1999-00 and 2000-01.
- 2) **Excess Federal Funding** – Attached is a LFB paper describing excess federal funds and the current process that DHFS has with JCF and DOA. As indicated in this paper, LFB does not feel that JCF has statutory authority to enter into these types of agreements. Please include the following:
  - a) Define excess federal revenue to be federal funding that a department receives that were not anticipated during the budget process as reimbursement for expenditures originally paid for from GPR, program revenue or other state or local dollars in a previous fiscal year.
  - b) Make an exception to s.20.001(14) and s.16.52(2) for the excess federal funds and the process followed below. (I don't believe an exception to s.20.002(10) is necessary but please review).
  - c) Set up a process under which DWD and DHFS may retain excess federal revenue until the end of each fiscal year. At which point, the

agency would submit a plan to DOA that would document the amount of excess federal funds collected that year and its plan for using these funds. DOA would allow the agencies to use or retain these funds for federal disallowances, federal sanctions or penalties, or corrective actions resulting from lawsuits. Funds not approved by DOA for expenditure or carryover would lapse to the general fund. DOA would then be required to notify JCF of the agency's plan.

- 3) **Partial CSJ's** - DWD has created three levels of prorated CSJ payments (1/3 CSJ - \$230, 1/2 CSJ - \$341 and 2/3 CSJ = \$452) Workers will determine which level is appropriate for a participant based on guidelines from DWD. Please make the language authorizing a partial CSJ consistent with this approach (s.49.148(1)(b)).
- 4) **Food Stamps EBT** - We may need to push back the implementation (under s. 49.129(2)(b)) of this project. We should know more in the next 2 months. Please put in July 1, 2000 to April 1, 2001 as a placeholder.
- 5) **Child Care Initiatives** - Governor Thompson recently announced that he would set aside \$10 mn of child care funding for a program that would offer below-market loans and grants to start-up, expand and improve child care programs. Please modify s.49.136(2) to allow the department to award loans itself or to contract with another agency to administer the loan program.
- 6) **Technical Modifications** - We need updates in the following sections:
  - a) s.49.32 (4) - replace AFDC ref. with W-2.
  - b) Eliminate s.49.32 - obsolete.
  - c) s.49.32(7)(b)(c) and (d) - replace AFDC with W-2.
  - d) Repeal 49.37.
  - e) Update years for s.49.24, 49.155(1g)(b), 49.155(1g)(c) - I will send updated \$ amounts as soon as possible.

Please have the drafters call me if they have any questions. Thanks very much.

# STATE OF WISCONSIN

**SENATE CHAIR  
TIMOTHY WEEDEN**



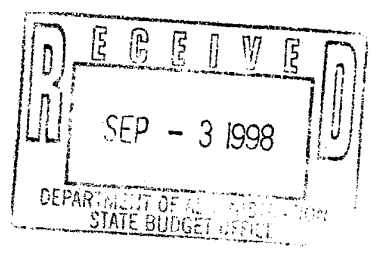
**ASSEMBLY CHAIR  
JOHN GARD**

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Madison, WI 53703  
Phone: 266-2253

315 North, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: 266-2343

## JOINT COMMITTEE ON FINANCE

September 3, 1998



**TO:** Members  
Joint Committee on Finance

**FROM:** Tim Weeden, Senate Chair  
John Gard, Assembly Chair  
Joint Committee on Finance

**SUBJECT:** Request from Department of Workforce Development Related to Excess Federal Revenues

Attached is a request dated August 4, 1998, submitted from the Department of Workforce Development (DWD) to us regarding the use of excess federal revenues. We are also attaching a memorandum prepared by the Legislative Fiscal Bureau which describes excess federal revenues, the current process practiced by the Department of Health and Family Services (DHFS) and statutory authority related to excess federal revenues.

There are two components to the Department's request. First, DWD is requesting approval of a process to use excess federal funding under a policy comparable to the process currently practiced by DHFS, in which the Department could use excess federal revenues generally for federal disallowances, federal sanctions and corrective actions resulting from lawsuits. Excess federal revenues not needed for these purposes would lapse to the general fund. As noted by the Legislative Fiscal Bureau, it appears the Joint Committee on Finance currently does not have the statutory authority to enter into such an agreement.

The second component of DWD's request is a description of the current excess federal revenues of \$15.9 million, and proposed expenditures of those revenues. Without authority to utilize excess federal revenues under the process originally proposed by DWD, the Department may not expend the \$15.9 million amount without approval by the Committee.

Without appropriate statutory authority, we believe it is best to not approve the Department's request to use excess federal funding under a policy comparable to the process currently practiced by DHFS. Rather, the process for expending excess federal revenues for all agencies could be addressed in the upcoming biennial budget. However, we propose that the Committee approve the use of the \$15.9 million for the expenditures outlined in DWD's request and described in the Fiscal Bureau memorandum. This would allow DWD to use the funding they have obtained to meet current and potential obligations.

As noted in the memorandum prepared by the Legislative Fiscal Bureau, the process to approve the proposed expenditures of the \$15.9 million amount is not specified in the statutes. Therefore, we would ask that you review the attached request and memorandum. If any member of the Committee wishes to meet on the request, please notify us within 14 working days (September 24). We will then schedule a meeting to review the request. However, if no objection is made within 14 days, the following will be adopted as the Committee's decision:

- (1) the Department's request that the Joint Finance Committee approve a process that allows DWD to use excess federal revenues generally for federal disallowances, federal sanctions and corrective actions from lawsuits is denied; and
- (2) the Department may use the \$15.9 million in excess federal revenues it has obtained for the expenditures shown in Table 1 of the attached memorandum prepared by the Legislative Fiscal Bureau.

We will then send a letter to the Secretary of DWD notifying her of the Committee's decision.

If you have any questions or would like to discuss this issue, please contact us.

TW/JG/dh

Attachments

cc: Linda Stewart, Department of Workforce Development



## Legislative Fiscal Bureau

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

August 28, 1998

**TO:** Representative John Gard, Assembly Chair  
Senator Tim Weeden, Senate Chair  
Joint Committee on Finance

**FROM:** Bob Lang, Director

**SUBJECT:** Request from the Department of Workforce Development Related to Excess Federal Funding

This memorandum addresses an August 4, 1998, letter from the Department of Workforce Development (DWD) to you regarding the use of excess federal revenues. DWD is requesting approval of a process to use excess federal funding under a policy comparable to the process currently practiced by the Department of Health and Family Services (DHFS), as described below.

You asked us to review and comment on the Department's request. This memorandum: (1) provides information on how excess federal revenues are obtained and the statutes regarding excess federal revenues; (2) describes the process currently used by DHFS in notifying the Committee of excess federal funding; and (3) explains the current request by DWD.

### EXCESS FEDERAL FUNDING IN DWD AND DHFS

Excess federal revenues in DWD and DHFS generally arise when the Department receives federal funding as a reimbursement for expenditures originally paid for from GPR, program revenue, or other state or local dollars.

Several programs in DWD and DHFS are funded through a matching arrangement with the federal government, in which the federal government pays a percentage of the state's expenditures for the program. These programs include the former aid to families with dependent children (AFDC) and job opportunities and basic skills (JOBS) programs, food stamp employment and training (FSET), child support enforcement and medical assistance (MA).

In most instances, the federal share of expenditures for each program is known during the budget process, and the amount of GPR budgeted is net of the level of federal funding that is estimated as a match for the state funding. However, excess federal funding can arise when costs are reimbursed to the state at a greater rate than predicted, either within a particular program or by charging costs to a separate program that has a higher matching rate. In addition, excess federal funding may be generated when the state is able to identify new state or local expenditures that the federal government determines are allowable and qualify for federal matching funds. Often, excess funding generated in this way is received in a fiscal year after the state expenditures have been made.

Based on this description, federal medical assistance (MA) payments the state receives through intergovernmental transfer (IGT) programs could be considered excess federal funds. Under these programs, the state certifies counties' MA allowable expenditures and claims federal matching funds for those expenditures. The largest source of IGT revenue is attributable to expenses incurred for the operation of county-owned nursing homes. In the 1998-99 biennium, approximately \$59.1 million in federal IGT revenues are expected to be collected from this source.

However, MA IGT revenues have not, in the past, been treated in the same manner as other excess federal funds. Unlike other excess federal funds, MA IGT funds are budgeted prospectively as part of the development of the MA biennial budget. Further, unlike other excess federal funds, the statutes specify a procedure DHFS must use to distribute funds that exceed the budget estimates [s. 49.45(6s)].

Although other state agencies may receive federal funds in a year that were not anticipated during the budget process, generally those federal funds are provided to the agency for a specific purpose and are not provided to the state as a reimbursement for prior state expenditures. The excess federal revenues received by DWD and DHFS generally are provided as a reimbursement for prior state expenditures and generally have no federal restrictions regarding their use.

## **STATUTORY PROVISIONS GOVERNING EXCESS FEDERAL REVENUES**

DWD is requesting approval of a process that would allow the Department to use excess federal revenues generally for federal disallowances, federal sanctions, corrective actions resulting from lawsuits, or lapses to the general fund. DWD would provide notification to the Joint Committee on Finance, rather than seek approval by the Committee for such expenditures. In its request, the Department indicated that it currently has \$15.9 million in excess federal revenues and the Department provided a list of proposed expenditures of the \$15.9 million.

The process requested by DWD would provide the Department with broad authority to utilize excess federal revenues for certain activities, and would provide an incentive to the Department to maximize federal dollars. However, based upon a review of the statutes and discussions with legislative attorneys and staff of the Legislative Audit Bureau (LAB), it appears that no current

statute allows the Committee to enter into such a long-term agreement. The three statutes described below pertain to the use of excess federal funding of the type received by DWD.

Under s. 20.002(10), if any appropriation that is made to match or secure federal funds is in excess of the amount needed to match federal funds, the state agency involved must notify DOA, which must notify the Governor and the Joint Committee on Finance. These funds then must be placed in unallotted reserve and may not be released unless the release is first approved by the Committee.

Section 20.001(4) also applies to excess federal revenues. Under this statute, excess federal revenues would be considered GPR-earned. GPR-earned is revenue that is received by a state agency incidentally in connection with general purpose revenue appropriations in the course of accomplishing program objectives. These revenues must be treated as a nonappropriated receipt and are not available for expenditure.

Finally, under s. 16.52(2), excess federal revenues would be considered a refund of an expenditure and, therefore, would be a nonappropriated receipt. As under 20.002(4), these revenues would not be available for expenditure.

These statutes provide conflicting guidance as to the process to be used for expending excess federal revenues of the type received by DWD. Only s. 20.002(10) would allow the Department to expend these revenues, and only with approval by the Joint Committee on Finance. As noted above, no existing statute allows the Committee to enter into long-term agreements to allow DWD to expend excess federal revenues.

The Joint Committee on Finance has previously approved the use of excess federal funding for specific purposes upon request by the Department. Most recently, at the June, 1998, s. 13.10 meeting the Committee approved \$695,700 in excess federal revenue to be used for the KIDS computer system based on a recommendation from the Legislative Audit Bureau.

The following sections of this memorandum describe the process for review of excess federal funds currently practiced by DHFS, provide more details regarding the current request by DWD, and outline options for the Committee.

## **DHFS PROCESS**

In September, 1982, the Legislative Audit Bureau released an audit report of the Community Aids Program in the Department of Health and Social Services (DHSS). In its review, the LAB discovered that DHSS had been accumulating surplus monies in federal accounts and was using the surplus funding for its discretionary purposes rather than reimbursing costs which had initially been paid with GPR dollars.

The LAB report identified three sources of discretionary funds. One of these sources of discretionary funds was appropriated under s. 20.435(2)(bb) of the 1980 Wisconsin statutes. These

monies were appropriated under a mechanism referred to as applied receipts, in which the amount of GPR appropriated was calculated by subtracting federal receipts from the total amount needed for the program. Therefore, if more federal funds were received than anticipated, the GPR level was to be reduced by the amount of the excess. Conversely, if federal funds were lower than anticipated, GPR would be increased by the amount of the shortfall. In addition, under this appropriation, DHSS was required to lapse 90% of remaining funding unless the Joint Committee on Finance approved a request from the Department to transfer those dollars to the next calendar year. The remaining 10% was available to the Department for specific purposes.

The LAB found that the Department disregarded the applied receipts provision and the lapsing provisions under the appropriation, and instead used excess federal funding for separate purposes. The LAB did not disagree with the purposes for which the funds were used, rather the LAB report indicated that DHSS should have allowed for adequate legislative oversight in how those funds were spent.

The remaining two sources of discretionary funding resulting from excess federal revenues were not appropriated under an applied receipts mechanism. However, according to the LAB report, both of these funding sources involved reimbursements for expenditures that were originally funded out of the state's GPR or county resources. The LAB report indicated that these discretionary funds should not be considered federal funds because the federal government has no claim to the monies and the revenues could be spent as any other GPR is spent. The LAB concluded that the Department was pre-empting legislative authority to appropriate these dollars.

In a March 11, 1983, letter from the Secretary of DHSS to the Co-Chairs of the Joint Committee on Finance, DHSS outlined policy guidelines for administering federal funds. These guidelines were stated as follows:

“1. The Department will include in the Biennial Budget request its estimation of the most probable level of federal funding that can be anticipated along with the intended use of those funds. When plans for expending budgeted Federal funds differ materially from plans reviewed by the Legislature in the Biennial Budget, the Department will offer an opportunity for appropriate Legislative review. In most instances, an advisory notice to the Joint Committee on Finance, or a request for Joint Finance approval, is the mechanism that will be used.

2. The Department should claim additional federal funds for approved program purposes when there is a reasonable basis, not necessarily a certainty, of making the claim. Efforts should be made to maximize funds, if possible, beyond those anticipated in the budget, as availability of funds becomes known.

3. When Federal funds can be successfully claimed which were not included in the Biennial Budget and the funds are either reimbursement for past GPR expenditures, changes in federal matching ratios, or payment for expenses which would otherwise be billed to GPR budgeted for that purpose, the results will be to lapse the monies to the general fund. However, in some cases, particularly for programs which have a high degree



of Executive and Legislative support, the Department will propose the use of such funds in the current or future fiscal year. In this case, Legislative review will be provided as noted above.

4. Because of the Department's approach to claim federal funds assertively, and the complex federal program and financial management environment in which we operate, some disallowances can be anticipated. When a claim for unbudgeted federal reimbursement is considered questionable, that excess Federal revenue will be retained until the ultimate resolution of the claim or audit of disallowance is determined, even if this means crossing fiscal years. These funds will be clearly identified. Upon resolution, any unused funds will lapse to the general fund."

In response to this letter, on June 2, 1983, the Co-Chairs of the Joint Committee on Finance wrote to the Secretary of DHSS:

"Your letter sets forth several policies you have implemented to avoid accumulating such 'excesses' in the future. First, if H&SS receives federal funds in excess of budgeted levels, these funds will be used to reduce GPR expenditures whenever possible; except in isolated cases where a program has had a high degree of legislative support, such as day care, in which case any planned use of the funds other than lapsing will be brought to the attention of the Joint Committee on Finance. The other exception to this policy will be where H&SS is facing a possible federal audit disallowance. In such a case, any excess federal revenues received will be set aside for the specific purpose of meeting this disallowance. If the potential disallowance is resolved partly or totally in the state's favor, funds set aside and not needed will be lapsed to the state's general fund. In addition, as a general rule, H&SS will notify the Joint Committee on Finance if its plans for expending budgeted federal funds differ materially from plans reviewed by the Legislature during the biennial budget.

We would like to indicate our approval of these policies and emphasize the importance of H&SS not accumulating such discretionary revenue amounts in the future."

In practice, since 1983, DHSS, which has become the Department of Health and Family Services (DHFS) provides an annual notification to the Department of Administration (DOA) regarding the amount of unbudgeted excess federal funding generated prior to the close of the state fiscal year. This notification also contains any plans for using these funds generally for federal disallowances, federal sanctions, corrective actions resulting from lawsuits, or lapses to the general fund. After receiving approval from DOA, DHFS sends notification to the Joint Committee on Finance and to the Legislative Audit Bureau.

In the past six years, DHFS has notified the Committee that it had obtained \$46.3 million in excess federal revenue. Of that amount, \$5.8 million was used for federal disallowances, \$990,000

was used to offset federal reductions to the Social Services Block Grant, and the remainder, \$39.5 million has been deposited to the general fund.

### **CURRENT REQUEST FROM DWD**

(A) In the request currently before the Committee, DWD is asking for approval of a process related to excess federal revenues similar to that currently practiced by DHFS. Under this proposal, DWD would be required to provide an annual notification to DOA regarding the amount of unbudgeted excess federal funding generated prior to the close of the state fiscal year. This notification would also have to contain any plans for using these funds generally for federal disallowances, federal sanctions, corrective actions resulting from lawsuits, or lapses to the general fund. After receiving approval from DOA, DWD would be required to notify the Joint Committee on Finance.

Two points should be noted regarding this proposed process. First, as described earlier, it appears that no statute currently provides the Committee with the authority to enter into such a long-term agreement.

Second, in proposing to provide notification "generally for federal disallowances, federal sanctions, corrective actions resulting from lawsuits, or lapses to the general fund," DWD is seeking broad flexibility to use excess federal funding for other purposes. For example, of the expenditures described below and shown in Table 1, the human services payments to counties would not be considered a federal disallowance, federal sanction, corrective action resulting from a lawsuit, or a lapse to the general fund. Although these expenditures are related to the generation of excess federal dollars, the proposal by the Department does not clarify if these expenditures would be allowable by the Department with only a notification provided to the Committee, or if the Committee would have to approve those expenditures.

### **Current Excess Federal Funding in DWD**

The Department's request includes documentation of the excess federal funding available through 1997-98 and the proposed expenditure of those funds. The following table shows the excess federal revenues and expenditures as proposed by the Department.

**TABLE 1****Excess Federal Revenue  
1997-98****Revenues**

Newly Identified State and Local Expenditures	
Local Human Service Claims	\$3,819,622
Higher Education Aids Board (HEAB)	175,314
Job Ride Program	272,650
Change in Federal Matching Rate	
KIDS Information Data System	1,249,715
Time Study	1,378,751
JOBS Program	1,471,803
WTCS Arrangement	
Milwaukee Area Technical College	2,570,125
Wisconsin Technical College System	4,776,647
CARES Hardware Depreciation	184,276
Dottie Moore Balance	<u>21,749</u>
<b>Total Excess Federal Revenues</b>	<b>\$15,920,652</b>

**Expenditures**

WTCS Audit Disallowance	\$5,324,991
KIDS County Priority Requests	695,700
CARES	1,587,000
Child Care	1,007,600
MATC Repayment	2,570,125
WTCS Closeout	273,620
Human Services Payments to Counties	866,265
KIDS County Priority Changes Balance	554,300
1996-97 Cost Allocation Resolution	500,000
FFY 94-96 Food Stamp Reinvestment Plan	<u>300,000</u>
<b>Proposed Expenditures</b>	<b>\$13,679,601</b>
Potential Food Stamp Error Rate Penalties	<u>2,241,051</u>
<b>Total Proposed Expenditures</b>	<b>\$15,920,652</b>

## Revenues

As shown, DWD has identified \$15.9 million in excess federal revenues. These revenues arise from several sources, and are described in more detail below.

*Newly Identified State and Local Expenditures Eligible for Federal Match.* Federal funding in excess of budgeted amounts was obtained by DWD by identifying expenditures that had not previously been considered as eligible for federal matching funds. These federal revenues are a reimbursement for costs originally paid for from state or local dollars and include: (a) \$3.8 million for expenditures by local human service agencies for services provided to AFDC recipients and JOBS participants from 1994 through 1996; (b) \$175,300 for state expenditures by the Higher Education Aids Board (HEAB) to AFDC recipients from 1994 to 1996; and (c) \$272,650 for state expenditures under the Job Ride program from 1994 to 1996.

*Change in the Federal Matching Rate.* A total of \$4.1 million in excess federal revenue was obtained when the Department claimed a federal match for certain expenditures under a higher matching rate than anticipated during the biennial budget. As shown in Table 1, the Department obtained an additional \$1.25 million for the KIDS information system because they were able to claim certain expenditures as developmental expenditures for which the federal government pays 90% of the total costs, rather than operational expenditures for which the federal government would have paid only 66% of the costs. In addition, the Department obtained \$1.4 million by documenting that employees had spent more time on the JOBS program and child support, that had higher matching rates than under the AFDC program as originally budgeted. The \$1.5 million claimed for the JOBS program also was obtained when a time study revealed that more time was being spent by employees on direct services for which the federal government pays 60% of the costs, rather than on general administration for which the federal government would have paid only 50% of the costs.

*WTCS Arrangement.* In an arrangement with the Wisconsin Technical College System (WTCS), expenditures by WTCS for AFDC and food stamp recipients who were receiving eligible employment training services from the system were used as local revenues to match federal funds under the food stamp employment and training program. Under this agreement, local agencies had to also expand services to JOBS and FSET participants. The Department has identified \$2.6 million in excess federal revenues that resulted from this arrangement for services provided by the Milwaukee Area Technical College during federal fiscal year (FFY) 1994, and \$4.8 million from this arrangement with the WTCS for services provided during FFY 1995 and FFY 1996.

*CARES Hardware Depreciation.* From 1993 to 1994, the Division of Economic Support incurred state expenditures for equipment related to the Client Assistance for Re-Employment System (CARES). Under federal provisions, the state may receive a federal match for these expenditures. However, the federal match is amortized over a five-year period. The federal government has provided the state with \$184,276, the federal share of these costs for fiscal year 1997.

*Dottie Moore Balance.* The state of Wisconsin and Milwaukee County were sued in federal court in 1980 by Legal Action of Wisconsin in Dottie Moore, et al vs. Milwaukee County et al. on behalf of AFDC recipients for failure to meet federal requirements related to the distribution of child support. In 1982, the U.S. District Court entered into a judgment that included a permanent injunction for the state and Milwaukee County to comply with the federal requirements relating to the distribution of support. In 1990, a motion for contempt was filed in federal court claiming that the state and Milwaukee County had failed to meet the requirements of the original stipulated judgment. Consequently, state and county legal counsel reached a new settlement of the Dottie Moore lawsuit which required the DHFS to attempt to locate individuals who may have been eligible for retroactive relief payments since 1984 and pay the benefits to eligible individuals.

In April, 1992, and in February, 1993, DHFS notified the Joint Committee on Finance of its intent to use \$750,000 in excess federal funds to meet the requirements of the final settlement terms of the Dottie Moore lawsuit. Of this amount, \$21,749 remains unspent and is available excess federal revenue.

#### **Expenditures**

Expenditures include a total of \$8.6 million for costs that have already been approved by the Joint Committee on Finance. These include: (a) \$5.3 million for the WTCS disallowance described in a letter to the Committee on July 9, 1998; (b) \$695,700 for the KIDS County Priority requests approved by the Committee at the June 23, 1998, s. 13:10 meeting; (c) \$1.6 million for the CARES system approved by the Committee at the April 16, 1996, Committee meeting; and (d) \$1.0 million for child care also approved by the Committee at the April 16, 1996, meeting.

In addition, the Department has identified a total of \$7.3 million in other expenditures that have not previously been reviewed by the Committee. These expenditures are described in more detail below:

*MATC Repayment.* In reviewing the WTCS arrangement described above, the U.S. Department of Agriculture (USDA), and the federal Department of Health and Human Services (DHHS) determined that a portion of the federal funds claimed by DWD in FFY 1995 and FFY 1996 were not allowable. However, DWD had also claimed \$2.5 million in FFY 1994 from expenditures with the Milwaukee Area Technical College. Because the USDA and DHHS disallowed similar costs for the years FFY 1995 and FFY 1996, the Department proposes to return the \$2.5 million to avoid any future disallowances.

*WTCS Closeout.* The WTCS arrangement required local agencies to expand services to JOBS and FSET recipients. The Department issued a contract with local agencies to provide funding to the agencies for the costs to expand services. The following counties reported costs that were higher than originally contracted: Brown, Door, Lincoln, Manitowoc, Marathon, Monroe,

Oneida, Portage, Price, Rock and Sawyer. The Department, therefore, proposes to reimburse these agencies. The total cost for reimbursement is \$273,620.

*Human Services Payments to Counties.* As described earlier, the Department worked with local human services agencies to identify local expenditures on AFDC recipients and JOBS participants that could be eligible for federal matching funds. As an incentive for local human service agencies to identify these expenditures, the Department agreed to provide to the agencies 50% of the amount of federal funding received. The total amount of federal funding obtained from this process was \$3.8 million. However, the counties asked for only \$866,265, approximately 23% of the total federal funding received. The Department is proposing to pay the counties the \$866,265 requested.

*KIDS County Priority Changes Balance.* At the June 23, 1998, s. 13.10 meeting, the Joint Committee on Finance approved the use of \$695,700 in 1998-99 to provide enhancements to the KIDS system requested by counties. The request that was approved by the Committee assumed that an additional \$554,300 would be carried forward to 1999-2000 to continue providing these enhancements.

*1996-97 Cost Allocation Resolution.* Central administrative costs associated with administering the various programs within DWD are shared among those programs based on a cost allocation plan. The method for allocating costs must be approved by the federal DHHS and Department of Labor (DOL). These federal agencies are currently reviewing the cost allocation plan developed by DWD for 1996-97. If the plan is not approved, the Department would have to retroactively change the allocation of costs so that a greater amount of expenditures would be charged to programs that have a lower federal matching rate. As a result, up to \$500,000 in previous expenditures of federal funds may have to be returned to the federal government. The Department is proposing to reserve excess federal funding in the event the cost allocation plan is not approved.

*FFY 1994-96 Food Stamp Reinvestment Plan.* To ensure proper expenditures under the food stamp program, the USDA maintains oversight of the program through a national quality assurance system. A sample of food stamp cases is reviewed monthly to verify the accuracy of eligibility and benefit determinations at the local level. Wisconsin's error rate is established by the USDA each federal fiscal year based on the percentage of dollars incorrectly issued. The USDA sets a national error tolerance level which is the national average of payment errors. To the extent that the state exceeds this national average, fiscal sanctions are incurred.

Wisconsin exceeded the national error rate for FFYs 1994 through 1997. As a result, the USDA has imposed sanctions against Wisconsin of \$2.4 million for 1994 through 1996. However, the USDA has offered a reinvestment plan option as an alternative to payment of the sanctions for these years. Under this plan, the state must commit \$300,000 in non-federal funds in activities designed to reduce the food stamp error rate between October 1, 1997, and March 21, 2000. Under the reinvestment plan, DWD has indicated these funds would be used to support the costs of

programming for and generating monthly reports specifically for Milwaukee County, other CARES programming changes, attendance at workshops, development of a computer system so local agencies may access information related to policy changes on-line, special reports and other assistance to local workers to aid in identifying errors quickly, and new report software and scanner enhancement software. This plan has been approved by the USDA. DWD is proposing to use \$300,000 of the excess federal revenues for this reinvestment option.

*Potential Food Stamp Error Rate Penalties.* The USDA may impose additional sanctions of up to \$2.2 million for Wisconsin's failure to maintain an acceptable food stamp error rate. However, the actual amount is currently unknown. In addition, \$900,000 may be needed in future years as an investment in the food stamp program to reduce the error rate if the error rate does not improve. Of the \$3.1 million needed for these items, the Department proposes to utilize the remaining excess federal revenue of \$2.2 million. If additional funds are needed, the Department would have to submit a subsequent request to the Committee or include these items in the 1999-2001 biennial budget request. However, if the \$2.2 million is more than required to meet these potential sanctions, the Department would have to place these dollars in unallotted reserve, as required under s. 20.002(10) of the statutes, and the funds could only be released with approval of the Committee.

## SUMMARY

There are two components to the Department's request. First, DWD is requesting that the Joint Committee on Finance approve a process, comparable to the one currently practiced by DHFS, that allows the Department to use excess federal revenues generally for federal disallowances, federal sanctions and corrective actions resulting from lawsuits. Excess federal revenues that are not needed for these purposes would lapse to the general fund. DWD would be required to notify DOA annually of the amount of unbudgeted excess federal funding generated prior to the close of the state fiscal year, and any plans for using these funds. After receiving approval from DOA, DWD would be required to provide notification to the Joint Committee on Finance.

The process currently practiced by DHFS provides an incentive to the Department to seek additional federal funding. As noted earlier, in the last six years, \$46.3 million has been received by the state as a result of DHFS's efforts to obtain excess federal funds, most of which has lapsed to the general fund. However, as described earlier, there is no existing statute that provides authority to the Committee to enter into a long-term agreement to allow an agency to implement such a policy regarding the use of excess federal revenues. In addition, the process proposed by DWD is ambiguous as to whether notice to the Committee, or approval by the Committee, would be required for certain types of expenditures. In light of these factors, it may be preferable to address the process for all agencies for expending excess federal revenues in the biennial budget. This would establish a clear statutory procedure for appropriating these funds.

The second component of DWD's request is a description of the current excess federal revenues of \$15.9 million, and proposed expenditures of those revenues. Without authority to

utilize excess federal revenues under the process that was proposed by DWD, the Department may not expend the \$15.9 million amount without approval by the Committee. The Committee, therefore, could approve the Department's expenditures of excess federal revenue as shown in Table 1, which would allow the Department to use the funding they have obtained to meet current and potential obligations. Under this option, any excess federal revenues shown in Table 1 that are not needed for the expenditures identified in the table would be placed in unallotted reserve and could not be released unless approved by the Committee. Although the current statutory provisions regarding excess federal revenues are not clear, this would be consistent with past practice and s. 20.002(10) of the statutes.

Finally, s. 20.002(10) does not specify the process to be used by the Committee to approve proposed expenditures of excess federal revenues. This could be done through a 14-day passive review process similar to that used for s. 16.515 requests.

BL/JS/dls





(D-Note)  
State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0607/1  
RAC&TAY: King

soon

DOA:.....Sajna - Excess federal funding

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

1 AN ACT <sup>Don't</sup> <sup>en Act</sup> relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**STATE FINANCE**

This bill creates a program revenue appropriation to the department of health and family services (DHFS) and a program revenue appropriation to the department of workforce development (DWD) for moneys received from the federal government to reimburse the state for expenditures from appropriations that are made to match or secure federal funds and that exceed the estimates reflected in the intentions of the joint committee on finance, legislature and governor, as expressed by them in the budget determinations. (JCF)

The purpose of these appropriations is to pay federal aid disallowances, federal sanctions or penalties and the costs of corrective actions resulting from lawsuits against DHFS or DWD. The bill, however, provides that DHFS or DWD may not encumber or expend any of the appropriated moneys until it submits a plan to the department of administration (DOA) and DOA approves the plan. Under the bill, DOA must notify the cochairpersons of the joint committee on finance, in writing, of its actions. Finally, the bill authorizes DOA to specify an amount of money that must be lapsed from each appropriation to the general fund at the end of each fiscal year.

DOA's or

JCF

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:*

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5 department of administration and the department of administration approves the  
6 plan.

7           (b) The department of workforce development may not expend or encumber any  
8 moneys received under s. 20.445 (3) (mm) unless the department of workforce  
9 development submits a plan for the expenditure of the moneys to the department of  
10 administration and the department of administration approves the plan.

11           (c) The department of administration may approve any plan submitted under  
12 par. (a) or (b) in whole or in part. If the department approves any such plan in whole  
13 or part, the department shall notify the cochairpersons of the joint committee on  
14 finance, in writing, of ~~the~~ action under this paragraph. *the department's*

15           (d) If an unencumbered balance remains in the appropriation account under  
16 s. 20.435 (1) (mm) or 20.445 (3) (mm) at the end of each fiscal year, the department  
17 of administration may require that any part of the balance be lapsed to the general  
18 fund. If the department requires such a lapse, the department shall notify the  
19 cochairpersons of the joint committee on finance, in writing, of ~~the~~ action under this  
20 paragraph.

21           **SECTION 2.** 20.435 (1) (mm) of the statutes is created to read:



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0607/1dn

RAC: *WAT* *king*

Jennifer Sajna:

Per your request, this draft authorizes the department of administration (DOA) to specify an amount that is to be lapsed at the end of each fiscal year from each of the new program revenue appropriations. The result of granting DOA such authority, however, is that DOA is basically granted the power to determine the amount of money that is available for appropriation under the two new appropriations. This may very well constitute an improper delegation of the legislature's lawmaking authority. The reason is that, under the Wisconsin Constitution, appropriations must be made by law and not delegated to the executive branch for determination. (Art. VIII, sec. 2, Wis. Const.)

The flaw in the proposal may be easily remedied by requiring in the draft that a certain, fixed percentage of the unencumbered balance in each of the new appropriation accounts lapse at the end of each fiscal year, instead of allowing DOA to determine the amount to be lapsed. Please note that such a change would not at all affect DOA's primary authority to approve ~~the~~ DHFS's and DWD's plans before the moneys may be encumbered or expended from each of the new appropriation accounts.

Richard A. Champagne  
Legislative Attorney  
266-9930

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0607/1dn  
RAC:kmg:lp

December 14, 1998

Jennifer Sajna:

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Richard A. Champagne  
Legislative Attorney  
266-9930



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0607/X 2  
RAC&TAY:kmg:lp

SOON

Redraft maker  
has been run

DOA:.....Sajna - Excess federal funding

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

1

*Don't  
Gen Cat.*  
AN ACT relating to: the budget.

*Analysis by the Legislative Reference Bureau*

STATE GOVERNMENT

STATE FINANCE

This bill creates a program revenue appropriation to the department of health and family services (DHFS) and a program revenue appropriation to the department of workforce development (DWD) for moneys received from the federal government to reimburse the state for expenditures from appropriations that are made to match or secure federal funds and that exceed the estimates reflected in the intentions of the joint committee on finance (JCF), legislature and governor, as expressed by them in the budget determinations.

The purpose of these appropriations is to pay federal aid disallowances, federal sanctions or penalties and the costs of corrective actions resulting from lawsuits against DHFS or DWD. The bill, however, provides that DHFS or DWD may not encumber or expend any of the appropriated moneys until it submits a plan to the department of administration (DOA) and DOA approves the plan. Under the bill, DOA must notify the cochairpersons of JCF, in writing, of DOA's actions. Finally, the bill authorizes DOA to specify an amount of money that must be lapsed from each appropriation to the general fund at the end of each fiscal year.

*Insert Analysis: →*

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.** 16.54 (12) of the statutes is created to read:

2           16.54 (12) (a) The department of health and family services may not expend  
3 or encumber any moneys received under s. 20.435 (1) (mm) unless the department  
4 of health and family services submits a plan for the expenditure of the moneys to the  
5 department of administration and the department of administration approves the  
6 plan.

7           (b) The department of workforce development may not expend or encumber any  
8 moneys received under s. 20.445 (3) (mm) unless the department of workforce  
9 development submits a plan for the expenditure of the moneys to the department of  
10 administration and the department of administration approves the plan.

11           (c) The department of administration may approve any plan submitted under  
12 par. (a) or (b) in whole or in part. If the department approves any such plan in whole  
13 or part, the department shall notify the cochairpersons of the joint committee on  
14 finance, in writing, of the department's action under this paragraph.

15           (d) If an unencumbered balance remains in the appropriation account under  
16 s. 20.435 (1) (mm) or 20.445 (3) (mm) at the end of each fiscal year, the department  
17 of administration may require that any part of the balance be lapsed to the general  
18 fund. If the department requires such a lapse, the department shall notify the  
19 cochairpersons of the joint committee on finance, in writing, of the department's  
20 action under this paragraph.

21           **SECTION 2.** 20.435 (1) (mm) of the statutes is created to read:

Insert 2-21

1           20.435 (1) (mm) *Reimbursements from federal government.* All moneys  
2 received from the federal government, as authorized by the governor under s. 16.54,  
3 to reimburse the state for expenditures from appropriations that are made to match  
4 or secure federal funds and that exceed the estimates reflected in the intentions of  
5 the joint committee on finance, legislature and governor, as expressed by them in the  
6 budget determinations, for the purpose of paying federal aid disallowances, federal  
7 sanctions or penalties and the costs of corrective actions resulting from lawsuits  
8 against the department of health and family services. Notwithstanding s. 20.001 (3)  
9 (c), at the end of each fiscal year, ~~an~~ <sup>the</sup> amount ~~specified~~ <sup>determined</sup> by the department of  
10 administration under s. 16.54 (12) (d) shall lapse to the general fund.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11           **SECTION 3.** 20.445 (3) (mm) of the statutes is created to read:

12           20.445 (3) (mm) *Reimbursements from federal government.* All moneys  
13 received from the federal government, as authorized by the governor under s. 16.54,  
14 to reimburse the state for expenditures from appropriations that are made to match  
15 or secure federal funds and that exceed the estimates reflected in the intentions of  
16 the joint committee on finance, legislature and governor, as expressed by them in the  
17 budget determinations, for the purpose of paying federal aid disallowances, federal  
18 sanctions or penalties and the costs of corrective actions resulting from lawsuits  
19 against the department of workforce development. Notwithstanding s. 20.001 (3) (c),  
20 at the end of each fiscal year, ~~an~~ <sup>the</sup> amount ~~specified~~ <sup>determined</sup> by the department of  
21 administration under s. 16.54 (12) (d) shall lapse to the general fund.

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**1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0607/2ins  
RAC&TAY:kmg:lp

**Insert Analysis:**

Finally, the bill requires DOA, at the end of each fiscal year, to determine the amount of moneys that remain in these new appropriations that have not been approved for encumbrance or expenditure under a plan and requires that the moneys be lapsed to the general fund.

**Insert 2-21:**

(d) At the end of each fiscal year, the department of administration shall determine the amount of moneys that remain in the appropriation accounts under ss. 20.435 (1) (mm) and 20.445 (3) (mm) that have not been approved for encumbrance or expenditure by the department pursuant to a plan submitted under par. (a) or (b) and shall require that such moneys be lapsed to the general fund. If the department requires such a lapse, the department shall notify the cochairpersons of the joint committee on finance, in writing, of the department's action under this paragraph.

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF EXECUTIVE BUDGET AND FINANCE  
DOA-5187 N(R06/95)

## FACSIMILE COVER MESSAGE

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THE FACSIMILE MACHINE COPIES ONE SIDE OF DOCUMENT

### TO

Name	Rick Champagne - LRB		Facsimile Telephone Number	6-5648
Location	Room Number	Telephone Number		

### FROM (Sender)

Name	Jennifer Lig.	Number of Pages Including This Cover Sheet	Facsimile Telephone Number	(608) 267-0372
Location	101 East Wilson Street, 10th Floor; Madison, WI 53702		Telephone Number	6-8219

### COMMENTS / INSTRUCTIONS

Tried to e-mail but it came back - do I have the wrong address?

**Sajna, Jennifer**

**From:** Sajna, Jennifer  
**Sent:** Tuesday, January 05, 1999 2:17 PM  
**To:** 'rick.champagne@legis.state.wi.us'  
**Cc:** Geisler, Jeffrey  
**Subject:** Excess fed draft

Hi Rick –

It was an interesting meeting...as a result of which, I would like the following changes made to the draft:

- 1) Create DHFS' s appropriation in program 8, not program 1.
- 2) Because this is technically "state money", I am going to create this as a Program Revenue-Service-Continuing as opposed to a Program Revenue-Fed-Continuing. See any problems with that?
- 3)DHFS suggested language would read

"Except as provided under s.46.46 and s.46.49, all moneys received from the federal government to reimburse the state for expenditures, from previous fiscal years, that exceed the budgeted levels and are not required to match general purpose revenue or are not required to fund authorized budgeted levels for the purposes of paying federal disallowances, federal sanctions or penalties and the costs of corrective actions resulting from outside reviews, audits and lawsuits pertaining to the department of health and family services or pursuant to plans approved under s.16.54 (12)(c). Notwithstanding s.20.001(3) (c) at the end of each fiscal year, the amount determined by the department of administration under s.16.54 (12)(d) shall lapse to the general fund."

- 4)For consistency sake, the same changes should be made to the DWD appropriation language.

5) In addition, we may need an exception to the above definition for a portion of the IGT funds (MA intergovernmental transfer). It may be helpful for you to look at LFB's description of these funds in its September 3rd paper (page 2). For the most part these funds are budgeted and therefore do not fall under the above definition. However, there are occasions when the amount received from the feds does exceed the budgeted level and we want the process under s.49.45(6u) to continue to apply.

6) Can you explain to me one more time - why we don't need an exception to 16.52(2)? My concern is that by not explicitly addressing the various statutes identified by the LFB in their paper on the topic (16.52(2), 20.001(14), 20.002(10)), we may be leaving the statues more confusing (and conflicting?) than before.

Call me and we can discuss the changes..Thanks- Jenny



*D Note*  
State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0607/2 3

RAC&TAY:kmg:lp

*Redraft notes has been run.*

*Thursday 1/7*

DOA:.....Sajna - Excess federal funding

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

1 *Don't even cast* AN ACT relating to: the budget.

*Analysis by the Legislative Reference Bureau*

STATE GOVERNMENT

STATE FINANCE

*Insert Analysis*

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*affecting*

The purpose of these appropriations is to pay federal ~~and~~ <sup>any</sup> disallowances, federal sanctions or penalties and the costs of ~~corrective actions~~ <sup>any</sup> resulting from lawsuits ~~against~~ DHFS or DWD. The bill, however, provides that DHFS or DWD may not encumber or expend any of the appropriated moneys until it submits a plan to the department of administration (DOA) and DOA approves the plan. Under the bill, DOA must notify the cochairpersons of JCF, in writing, of DOA's actions.

Finally, the bill requires DOA, at the end of each fiscal year, to determine the amount of moneys that remain in these new appropriations that have not been approved for encumbrance or expenditure under a plan and requires that the moneys be lapsed to the general fund.

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4

20.435 (1) (mm) *Reimbursements from federal government.* All moneys

5      received from the federal government, as authorized by the governor under s. 16.54,  
6      to reimburse the state for expenditures from appropriations that are made to match  
7      or secure federal funds and that exceed the estimates reflected in the intentions of  
8      the joint committee on finance, legislature and governor, as expressed by them in the  
9      budget determinations, for the purpose of paying federal aid disallowances, federal  
10     sanctions or penalties and the costs of corrective actions resulting from lawsuits  
11     against the department of health and family services. Notwithstanding s. 20.001 (3)

Insert  
3-11

12     (c), at the end of each fiscal year, the amount determined by the department of  
13     administration under s. 16.54 (12) (d) shall lapse to the general fund.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

14     **SECTION 3.** 20.445 (3) (mm) of the statutes is created to read:

15     20.445 (3) (mm) *Reimbursements from federal government.* All moneys

16     received from the federal government, as authorized by the governor under s. 16.54,  
17     to reimburse the state for expenditures from appropriations that are made to match  
18     or secure federal funds and that exceed the estimates reflected in the intentions of  
19     the joint committee on finance, legislature and governor, as expressed by them in the  
20     budget determinations, for the purpose of paying federal aid disallowances, federal  
21     sanctions or penalties and the costs of corrective actions resulting from lawsuits  
22     against the department of workforce development. Notwithstanding s. 20.001 (3) (c),

Insert  
3-22

- 1 at the end of each fiscal year, the amount determined by the department of  
2 administration under s. 16.54 (12) (d) shall lapse to the general fund.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 (END)

1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0607/3ins  
RAC&TAY:kmg:lp

**Insert Analysis:** ✓

This bill creates a program revenue appropriation to the department of health and family services (DHFS) and a program revenue appropriation to the department of workforce development (DWD) for certain moneys received from the federal government that are intended to reimburse the state for expenditures in prior years from appropriations that were made to match or secure federal funds and that exceeded in those years the estimates reflected in the intentions of the joint committee on finance (JCF), legislature and governor, as expressed by them in the budget determinations.

**Insert 3-11:** ✓

~~No~~ All moneys received from the federal government, other than moneys described under ss. 46.46, 49.45 (6u) and 49.49, that are intended to reimburse the state for expenditures in previous fiscal years from appropriations that were made to match or secure federal funds and that exceeded in those fiscal years the estimates reflected in the intentions of the joint committee on finance, legislature and governor, as expressed by them in the budget determinations, for the purpose of paying federal disallowances, federal sanctions or penalties and the costs of any corrective action affecting the department of health and family services.

**Insert 3-22:** ✓

~~No~~ All moneys received from the federal government that are intended to reimburse the state for expenditures in previous fiscal years from appropriations that were made to match or secure federal funds and that exceeded in those fiscal years the estimates reflected in the intentions of the joint committee on finance, legislature and governor, as expressed by them in the budget determinations, for the purpose of paying federal disallowances, federal sanctions or penalties and the costs of any corrective action affecting the department of workforce development.



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0607/3dn  
RAC&TAY: ~~mm~~lp  
Kmg

Jennifer Sajna:

In this drafter's note, we would like to respond to the specific points raised in your e-mail request on January 5, 1999. The item numbers in this drafter's note correspond to the numbered points in your request.

1. It is possible to create the appropriation to DHFS in program 8. As a result, we have created s. 20.435 (8) (mm).

2. The new appropriations cannot be PR-S appropriations, because the moneys will not be transferred into the new appropriations from other appropriations but will be directly credited to the new appropriations upon receipt from the federal government. Please see the definition of a PR-S appropriation in s. 20.001 (2) (c). In addition, because the moneys are from the federal government and are deposited as program revenues in the general fund, the letter "F" will need to be used in the schedule. See s. 20.001 (2) (e).

3. We have tried to conform the appropriation language to the suggested language provided by DHFS, but have obviously deviated in places from this language. In looking over the appropriation text, please note the following:

a. We believe that it is the intent of DHFS not to have any of the federal moneys described under ss. 46.46, 49.45 (6u) and 49.49 credited to s. 20.435 (8) (mm). In other words, DHFS seems to want the current law treatment of these moneys to continue. The phrase "Except as provided under s. 46.46 and s. 46.49," in the suggested language and the last sentence of your Item 5 seem to indicate that the current law processes should continue with respect to these moneys. As a result, we have provided that none of these moneys will be credited to s. 20.435 (8) (mm). If this is not the case, please let us know.

b. We have taken out the phrase "as authorized by the governor under s. 16.54," from our appropriation text. We are unsure why DHFS wants this phrase removed, because its removal will have no legal effect. The governor is still authorized under s. 16.54 (1) to accept federal funds on behalf of the state. Our inclusion of the phrase in the prior version of the draft was simply to conform this text with the text of most other PR-F appropriations. We assume that DHFS does not want to eliminate the governor's authority to accept such federal funds on behalf of the state.

c. Per the suggested language, we have used the phrase "previous fiscal years". We believe that this phrase is either unnecessary or its inclusion may create some confusion. Let us explain.

If the state will not know until the close of the fiscal year that the federal government has provided moneys that exceed the estimates for that fiscal year, then this language is not needed because the money provided by the federal government will always be for a previous fiscal year. As a result, the phrase "previous fiscal years" will have no practical effect. But, hypothetically speaking, what if the federal government should provide money for the current fiscal year that exceeds the estimates for the current year. If this would occur, then the inclusion of the phrase "previous fiscal years" in the appropriation text would mean that these current year reimbursements could not be credited to this appropriation account. The reason is that this appropriation could only be used for reimbursements for "previous fiscal years". The problem, therefore, is that there would be confusion as to where to put these current year reimbursements. In the absence of an appropriate place to credit the current year reimbursements, these moneys would be treated as GPR-earned. See s. 20.001 (4). We are unsure if this is your intent.

d. We did not use the terms "budgeted levels" and "authorized budgeted levels" because these terms are not found in the statutes. Instead, we used the phrase "the estimates reflected in the intentions of the joint committee on finance, legislature and governor, as expressed by them in the budget determinations,". This is the proper statutory terminology to refer to the phrases in the suggested text. For a use of this phrase in the statutes, see s. 16.50 (2).

e. We did not include the phrase "and are not required to match general purpose revenue or are not required to fund authorized budgeted levels" because we believe that it is unnecessary and creates confusion. The reason is that if any of these federal moneys are "required to match general purpose revenue" or are "required to fund authorized budgeted levels" then they would not be credited to the appropriation account in the first place. Instead, these moneys would be credited to the appropriate appropriation accounts that already exist for the expenditure of the federal moneys.

f. Instead of specifying the different kind<sup>(s)</sup> of corrective actions that could affect DHFS and DWD, we simply referred to "the costs of any corrective action". Is this your intent? Or, is there a specific type of corrective action that you do not want to be paid for from moneys in the appropriation account?

g. We did not include the phrase "or pursuant to plans approved under s. 16.54 (12) (c)" because that is not a purpose of the appropriation. Instead, the process under s. 16.54 (12) (c) simply governs the expenditure of moneys from the appropriation.

4. Per your request, we have used the same language for both DHFS and DWD.

5. See our comments in Item 3. a.

6. It is not necessary to make an exception to the third sentence of s. 16.52 (2) because that sentence does not apply to program revenue.

It is not necessary to make an exception to s. 20.001 (4) because these reimbursements will be credited to a program revenue appropriation.

It is not necessary to make an exception to s. 20.002 (10) because that provision only applies to a situation in which state matching funds are in excess. (Note the title to

the subsection.) The situation that we are dealing with in the draft is precisely the opposite; it is one in which the federal funds are in excess. In other words, the state has received more federal funds than were estimated. Section 20.002 (10) would apply only in a situation in which the federal funds were less than the amounts provided in the estimates. Were this to occur, then the state matching funds would be in excess of what is needed to match the less than estimated federal funds.

In sum, we believe that the current statutory provisions under ss. 16.52 (2), 20.001 (4) and 20.002 (10) work rather well. It is only when unnecessary exceptions are created to these provisions that confusion results.

We hope that this information is useful.

Richard A. Champagne  
Legislative Attorney  
266-9930

Tina A. Yacker  
Legislative Attorney  
261-6927

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0607/3dn  
RAC&TAY:kmg:ijs

January 7, 1999

Jennifer Sajna:

In this drafter's note, we would like to respond to the specific points raised in your e-mail request on January 5, 1999. The item numbers in this drafter's note correspond to the numbered points in your request.

1. It is possible to create the appropriation to DHFS in program 8. As a result, we have created s. 20.435 (8) (mm).

2. The new appropriations cannot be PR-S appropriations, because the moneys will not be transferred into the new appropriations from other appropriations but will be directly credited to the new appropriations upon receipt from the federal government. Please see the definition of a PR-S appropriation in s. 20.001 (2) (c). In addition, because the moneys are from the federal government and are deposited as program revenues in the general fund, the letter "F" will need to be used in the schedule. See s. 20.001 (2) (e).

3. We have tried to conform the appropriation language to the suggested language provided by DHFS, but have obviously deviated in places from this language. In looking over the appropriation text, please note the following:

a. We believe that it is the intent of DHFS not to have any of the federal moneys described under ss. 46.46, 49.45 (6u) and 49.49 credited to s. 20.435 (8) (mm). In other words, DHFS seems to want the current law treatment of these moneys to continue. The phrase "Except as provided under s. 46.46 and s. 46.49," in the suggested language and the last sentence of your Item 5 seem to indicate that the current law processes should continue with respect to these moneys. As a result, we have provided that none of these moneys will be credited to s. 20.435 (8) (mm). If this is not the case, please let us know.

b. We have taken out the phrase "as authorized by the governor under s. 16.54," from our appropriation text. We are unsure why DHFS wants this phrase removed, because its removal will have no legal effect. The governor is still authorized under s. 16.54 (1) to accept federal funds on behalf of the state. Our inclusion of the phrase in the prior version of the draft was simply to conform this text with the text of most other PR-F appropriations. We assume that DHFS does not want to eliminate the governor's authority to accept such federal funds on behalf of the state.

c. Per the suggested language, we have used the phrase "previous fiscal years". We believe that this phrase is either unnecessary or its inclusion may create some confusion. Let us explain.

If the state will not know until the close of the fiscal year that the federal government has provided moneys that exceed the estimates for that fiscal year, then this language is not needed because the money provided by the federal government will always be for a previous fiscal year. As a result, the phrase "previous fiscal years" will have no practical effect. But, hypothetically speaking, what if the federal government should provide money for the current fiscal year that exceeds the estimates for the current year. If this would occur, then the inclusion of the phrase "previous fiscal years" in the appropriation text would mean that these current year reimbursements could not be credited to this appropriation account. The reason is that this appropriation could only be used for reimbursements for "previous fiscal years". The problem, therefore, is that there would be confusion as to where to put these current year reimbursements. In the absence of an appropriate place to credit the current year reimbursements, these moneys would be treated as GPR-earned. See s. 20.001 (4). We are unsure if this is your intent.

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e. We did not include the phrase "and are not required to match general purpose revenue or are not required to fund authorized budgeted levels" because we believe that it is unnecessary and creates confusion. The reason is that if any of these federal moneys are "required to match general purpose revenue" or are "required to fund authorized budgeted levels" then they would not be credited to the appropriation account in the first place. Instead, these moneys would be credited to the appropriate appropriation accounts that already exist for the expenditure of the federal moneys.

f. Instead of specifying the different kinds of corrective actions that could affect DHFS and DWD, we simply referred to "the costs of any corrective action". Is this your intent? Or, is there a specific type of corrective action that you do not want to be paid for from moneys in the appropriation account?

g. We did not include the phrase "or pursuant to plans approved under s. 16.54 (12) (c)" because that is not a purpose of the appropriation. Instead, the process under s. 16.54 (12) (c) simply governs the expenditure of moneys from the appropriation.

4. Per your request, we have used the same language for both DHFS and DWD.

5. See our comments in Item 3. a.

6. It is not necessary to make an exception to the third sentence of s. 16.52 (2) because that sentence does not apply to program revenue.

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It is not necessary to make an exception to s. 20.002 (10) because that provision only applies to a situation in which state matching funds are in excess. (Note the title to

the subsection.) The situation that we are dealing with in the draft is precisely the opposite; it is one in which the federal funds are in excess. In other words, the state has received more federal funds than were estimated. Section 20.002 (10) would apply only in a situation in which the federal funds were less than the amounts provided in the estimates. Were this to occur, then the state matching funds would be in excess of what is needed to match the less-than-estimated federal funds.

In sum, we believe that the current statutory provisions under ss. 16.52 (2), 20.001 (4) and 20.002 (10) work rather well. It is only when unnecessary exceptions are created to these provisions that confusion results.

We hope that this information is useful.

Richard A. Champagne  
Legislative Attorney  
266-9930

Tina A. Yacker  
Legislative Attorney  
261-6927



(D-Note)  
State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0607/2 4  
RAC&TAY:kmg:ijs

SOON

Redraft notes has  
been run

DOA:.....Sajna - Excess federal funding

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

AN ACT <sup>Don't  
know text</sup> relating to: the budget.

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

This bill creates a program revenue appropriation to the department of health and family services (DHFS) and a program revenue appropriation to the department of workforce development (DWD) for certain moneys received from the federal government that are intended to reimburse the state for expenditures in prior years from appropriations that were made to match or secure federal funds and that exceeded in those years the estimates reflected in the intentions of the ~~joint committee on finance (JCF)~~ legislature and governor, as expressed by them in the budget determinations.

The purpose of these appropriations is to pay federal disallowances, federal sanctions or penalties and the costs of any corrective action affecting DHFS or DWD. The bill, however, provides that DHFS or DWD may not encumber or expend any of the appropriated moneys until it submits a plan to the department of administration (DOA) and DOA approves the plan. Under the bill, DOA must notify the cochairpersons of JCF, in writing, of DOA's actions.

Finally, the bill requires DOA, at the end of each fiscal year, to determine the amount of moneys that remain in these new appropriations that have not been approved for encumbrance or expenditure under a plan and requires that the moneys be lapsed to the general fund.

and the  
joint  
committee on finance (JCF),  
as expressed by its members  
in any determinations  
JCF

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.** 16.54 (12) of the statutes is created to read:

2           16.54 (12) (a) The department of health and family services may not expend  
3 or encumber any moneys received under s. 20.435 (8) (mm) unless the department  
4 of health and family services submits a plan for the expenditure of the moneys to the  
5 department of administration and the department of administration approves the  
6 plan.

7           (b) The department of workforce development may not expend or encumber any  
8 moneys received under s. 20.445 (3) (mm) unless the department of workforce  
9 development submits a plan for the expenditure of the moneys to the department of  
10 administration and the department of administration approves the plan.

11           (c) The department of administration may approve any plan submitted under  
12 par. (a) or (b) in whole or in part. If the department approves any such plan in whole  
13 or part, the department shall notify the cochairpersons of the joint committee on  
14 finance, in writing, of the department's action under this paragraph.

15           (d) At the end of each fiscal year, the department of administration shall  
16 determine the amount of moneys that remain in the appropriation accounts under  
17 ss. 20.435 (8) (mm) and 20.445 (3) (mm) that have not been approved for  
18 encumbrance or expenditure by the department pursuant to a plan submitted under  
19 par. (a) or (b) and shall require that such moneys be lapsed to the general fund. If  
20 the department requires such a lapse, the department shall notify the



1 cochairpersons of the joint committee on finance, in writing, of the department's  
2 action under this paragraph.

3 SECTION 2. 20.435 (8) (mm) of the statutes is created to read:

4 20.435 (8) (mm) Reimbursements from federal government. All moneys  
5 received from the federal government, other than moneys described under ss. 46.46,  
6 49.45 (6u) and 49.49, that are intended to reimburse the state for expenditures in  
7 previous fiscal years from appropriations <sup>whose purpose includes a requirement</sup> that were made to match or secure federal  
8 funds and that exceeded in those fiscal years the estimates reflected in the intentions  
9 of the ~~joint committee on finance~~, legislature and governor, as expressed by them in  
10 the budget determinations, for the purpose of paying federal disallowances, federal  
11 sanctions or penalties and the costs of any corrective action affecting the department  
12 of health and family services. Notwithstanding s. 20.001 (3) (c), at the end of each  
13 fiscal year, the amount determined by the department of administration under s.  
14 16.54 (12) (d) shall lapse to the general fund.

and the joint committee on finance, as  
expressed by the committee in any  
determinations,

46.40 (1) (b)(m), 46.45 (2),

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

→ \*\*\*\* Note: The reference to s. 46.40(1)(b)(m) in this paragraph is based on the creation of s. 46.40(1)(b)(m) in LRB-0271. If LRB-0271 is not included in the budget bill, then this paragraph will have to be redrafted.

15 SECTION 3. 20.445 (3) (mm) of the statutes is created to read:

16 20.445 (3) (mm) Reimbursements from federal government. All moneys <sup>have</sup>  
17 received from the federal government that are intended to reimburse the state for  
18 expenditures in previous fiscal years from appropriations <sup>whose purpose includes a requirement</sup> that were made to match  
19 or secure federal funds and that exceeded in those fiscal years the estimates reflected  
20 in the intentions of the ~~joint committee on finance~~, legislature and governor, as  
21 expressed by them in the budget determinations, for the purpose of paying federal  
22 disallowances, federal sanctions or penalties and the costs of any corrective action  
23 affecting the department of workforce development. Notwithstanding s. 20.001 (3)

1 (c), at the end of each fiscal year, the amount determined by the department of  
2 administration under s. 16.54 (12) (d) shall lapse to the general fund.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

3

(END)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0607/4dn  
RAC&TAY:kmg:ijs

Jennifer Sajna:

Per your request, I have provided that moneys described under ss. 46.40 (1) (bm) and 46.45 (2) will not be credited to s. 20.435 (8) (mm).

In addition, I have referred to the appropriations in the text of ss. 20.435 (8) (mm) and 20.445 (3) (mm) as appropriations "whose purpose includes a requirement to match or secure federal funds...". In this way, the appropriations can have other purposes as well.

Per your request, I expanded the reference to the determinations on which the estimates are based from "the estimates reflected in the intentions of the joint committee on finance, legislature and governor, as expressed by them in budget determinations" to "the estimates reflected in the intentions of the legislature and governor, as expressed by them in <sup>the</sup> budget determinations, and the joint committee on finance, as expressed by the committee in any determinations,". In this way, you can capture any possible change in the estimates that may occur through joint committee on finance action during the budget or at any other time.

Finally, please note that I was unable to find any reference in s. 16.54 giving the secretary of administration the power to unilaterally increase an agency's expenditure authority.

Richard A. Champagne  
Legislative Attorney  
266-9930

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0607/4dn  
RAC:kmg:lp

January 25, 1999

Jennifer Sajna:

Per your request, I have provided that moneys described under ss. 46.40 (1) (bm) and 46.45 (2) will not be credited to s. 20.435 (8) (mm).

In addition, I have referred to the appropriations in the text of ss. 20.435 (8) (mm) and 20.445 (3) (mm) as appropriations "whose purpose includes a requirement to match or secure federal funds...". In this way, the appropriations can have other purposes as well.

Per your request, I expanded the reference to the determinations on which the estimates are based from "the estimates reflected in the intentions of the joint committee on finance, legislature and governor, as expressed by them in budget determinations" to "the estimates reflected in the intentions of the legislature and governor, as expressed by them in the budget determinations, and the joint committee on finance, as expressed by the committee in any determinations,". In this way, you can capture any possible change in the estimates that may occur through joint committee on finance action during the budget or at any other time.

Finally, please note that I was unable to find any reference in s. 16.54 giving the secretary of administration the power to unilaterally increase an agency's expenditure authority.

Richard A. Champagne  
Legislative Attorney  
266-9930

STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
DIVISION OF EXECUTIVE BUDGET AND FINANCE  
DOA-S167 N(ROB/95)

### FACSIMILE COVER MESSAGE

**CONFIDENTIALITY:** This facsimile transmission is intended only for the use of the individual or entity to which it is addressed. It may contain information which is privileged, confidential or exempt from disclosure under applicable law.

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THE FACSIMILE MACHINE COPIES ONE SIDE OF DOCUMENT

<b>TO</b>			
Name	<i>Rick Champagne</i>	Facsimile Telephone Number	
Location		Room Number	Telephone Number
<b>FROM (Sender)</b>			
Name	<i>Dennis Sujan</i>	Number of Pages including This Cover Sheet	Facsimile Telephone Number <b>(608) 267-0372</b>
Location	<b>101 East Wilson Street, 10th Floor; Madison, WI 53702</b>		Telephone Number

**COMMENTS / INSTRUCTIONS**

*Call me when you get this  
& we can discuss - I think  
we can accommodate  
Svesal but not all  
of DAFS's suggestions.*

*J.*

**Sajna, Jennifer**

**From:** Warnke, Donald  
**Sent:** Tuesday, January 26, 1999 3:38 PM  
**To:** Young, Otto; Sajna, Jennifer; Censky, Steve  
**Cc:** Wilhelm, Charles; Gebhart, Neil  
**Subject:** Re: FW: LRB Draft: 99-0607/4

Thank you for sharing it. BFS does still have several concerns and recommended changes— most of which we put in our draft but do not see handled. In response to the argurment that the drafter thinks that our examples can be handled by this LRB draft —this could be the case but not without more work and possible conflicting interpretations unless the same knowlegeble people stay involved each time it is administered etc, which is very unlikely. In short, We believe the H&FS versions are less confusing and not subject to misinterpretations. Nevertheless, if DOA insists that the LRB darft is what goes, the changes below are important. 1. Section 1. (d) line 19 " shall "needs to be changed to may because of timing. We sometime get money in between the time we report to DOA —usually in May, and June 30 when we would need to close out the Approp. These funds might be remaining in the alpha and would be reported next year, and should not lapse ( shall lapse) but carried over by DOA. In addition, we think the word shall is inconsistent with the next sentence that says " if" the Dept requires .....lapse. 2. On page 3, line 7&8, we think it would be more clear if it read: " state for expenditures, that in prvious FYs, had been paid from GPR approp. which are used to match or secure... 3. On line 9, replace the word " estimates with " authorized budget levels" 4. ON line 11, it would be more clear if the phrase " for the purpose ... start with a new sentence so it is clear that it is referring to these moneys and not the phrase just befor it. We recommend that it read" These funds to be used for the purpose... 5. On line 15, change shall to may.

*can accept #4*

*NO  
not determined  
by DOA*

>>> Jennifer Sajna 01/25 6:52 PM >>> Latest version of the excess fed draft — I still intend on getting the drafter the stat. ref needed to handle the gov's authority to increase PR continuing expenditure authority unilaterally.

Otto/Don — Sorry I haven't been able to get back to you but I have been swamped!!

If you still don't think this language accomplishes the same thing as the language you suggested "not required to match fed expenditures or fund authorized budget levels", I'm willing to listen to a better example that illustrates why, but every example that we walked through the other day could, I believe, be covered under this language.

thanks

—Original Message—

**From:** Paasch, Lynda  
**Sent:** Monday, January 25, 1999 11:10 AM  
**To:** Sajna, Jennifer  
**Cc:** Montgomery, John; LaBelle, Vicky; Hubli, Scott; Haugen, Caroline  
**Subject:** LRB Draft: 99-0607/4

Following is the PDF version of draft 99-0607/4.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-060714 5

RAC&TAY:kmg:lp

*Sen*

*Redraft notes  
has been run*

DOA:.....Sajna - Excess federal funding

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

*Insert Analysis*

*do not gen*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**STATE GOVERNMENT**

**STATE FINANCE**

This bill creates a program revenue appropriation to the department of health and family services (DHFS) and a program revenue appropriation to the department of workforce development (DWD) for certain moneys received from the federal government that are intended to reimburse the state for expenditures in prior years from appropriations that were made to match or secure federal funds and that exceeded in those years the estimates reflected in the intentions of the legislature and governor, as expressed by them in the budget determinations, and the joint committee on finance (JCF), as expressed by JCF in any determinations.

The purpose of these appropriations is to pay federal disallowances, federal sanctions or penalties and the costs of any corrective action affecting DHFS or DWD. The bill, however, provides that DHFS or DWD may not encumber or expend any of the appropriated moneys until it submits a plan to the department of administration (DOA) and DOA approves the plan. Under the bill, DOA must notify the cochairpersons of JCF, in writing, of DOA's actions.

Finally, the bill requires DOA, at the end of each fiscal year, to determine the amount of moneys that remain in these new appropriations that have not been approved for encumbrance or expenditure under a plan and requires that the moneys be lapsed to the general fund.

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. 16.54 (12) of the statutes is created to read:

2 16.54 (12) (a) The department of health and family services may not expend  
3 or encumber any moneys received under s. 20.435 (8) (mm) unless the department  
4 of health and family services submits a plan for the expenditure of the moneys to the  
5 department of administration and the department of administration approves the  
6 plan.

7 (b) The department of workforce development may not expend or encumber any  
8 moneys received under s. 20.445 (3) (mm) unless the department of workforce  
9 development submits a plan for the expenditure of the moneys to the department of  
10 administration and the department of administration approves the plan.

11 (c) The department of administration may approve any plan submitted under  
12 par. (a) or (b) in whole or in part. If the department approves any such plan in whole  
13 or part, the department shall notify the cochairpersons of the joint committee on  
14 finance, in writing, of the department's action under this paragraph.

15 (d) At the end of each fiscal year, the department of administration shall  
16 determine the amount of moneys that remain in the appropriation accounts under  
17 ss. 20.435 (8) (mm) and 20.445 (3) (mm) that have not been approved for  
18 encumbrance or expenditure by the department pursuant to a plan submitted under  
19 par. (a) or (b) and shall require that such moneys be lapsed to the general fund. ~~If~~

19  
20

~~the department requires such a lapse, the~~ department shall notify the  
The ✓



1       cochairpersons of the joint committee on finance, in writing, of the department's  
2       action under this paragraph.

3               **SECTION 2.** 20.435 (8) (mm) of the statutes is created to read:

4               20.435 (8) (mm) *Reimbursements from federal government.* All moneys  
5       received from the federal government, other than moneys described under ss. 46.40

6       (1) (bm), 46.45 (2), 46.46, 49.45 (6u) and 49.49, that are intended to reimburse the  
7       state for expenditures in previous fiscal years from <sup>general purpose revenue</sup> appropriations whose purpose

8       includes a requirement to match or secure federal funds and that exceeded in those  
9       fiscal years the estimates reflected in the intentions of the legislature and governor,

10       as expressed by them in the budget determinations, and the joint committee on

11       finance, as expressed by the committee in any determinations, for the purpose of  
12       paying federal disallowances, federal sanctions or penalties and the costs of any

13       corrective action affecting the department of health and family services.

14       Notwithstanding s. 20.001 (3) (c), at the end of each fiscal year, the amount

15       determined by the department of administration under s. 16.54 (12) (d) shall lapse

16       to the general fund.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

\*\*\*\*NOTE: The reference to s. 46.40 (1) (bm) in this paragraph is based on the creation of s. 46.40 (1) (bm) in LRB-0271. If LRB-0271 is not included in the budget bill, then this paragraph will have to be redrafted.

17               **SECTION 3.** 20.445 (3) (mm) of the statutes is created to read:

18               20.445 (3) (mm) *Reimbursements from federal government.* All moneys  
19       received from the federal government that are intended to reimburse the state for

20       expenditures in previous fiscal years from <sup>general purpose revenue</sup> appropriations whose purpose includes a  
21       requirement to match or secure federal funds and that exceeded in those fiscal years

22       the estimates reflected in the intentions of the legislature and governor, as expressed

Insert  
A

**SECTION 3**

Insert  
A

1 by them in the budget determinations, and the joint committee on finance, as  
2 expressed by the committee in any determinations, for the purpose of paying federal  
3 disallowances, federal sanctions or penalties and the costs of any corrective action  
4 affecting the department of workforce development. Notwithstanding s. 20.001 (3)  
5 (c), at the end of each fiscal year, the amount determined by the department of  
6 administration under s. 16.54 (12) (d) shall lapse to the general fund.

\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

7

(END)

1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0607/5ins  
RAC&TAX::

**Insert Analysis:**

~~§~~, and the estimates approved for expenditure by the <sup>✓</sup> secretary of administration ~~§~~  
**Insert A:**

~~§~~ and the estimates approved for expenditure by the secretary of administration  
under s. 16.50 (2), ~~§~~



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-0607/5  
RAC&TAY:kmg:hmh

DOA:.....Sajna - Excess federal funding

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*  
**STATE GOVERNMENT**

**STATE FINANCE**

This bill creates a program revenue appropriation to the department of health and family services (DHFS) and a program revenue appropriation to the department of workforce development (DWD) for certain moneys received from the federal government that are intended to reimburse the state for expenditures in prior years from appropriations that were made to match or secure federal funds and that exceeded in those years the estimates reflected in the intentions of the legislature and governor, as expressed by them in the budget determinations, and the joint committee on finance (JCF), as expressed by JCF in any determinations, and the estimates approved for expenditure by the secretary of administration.

The purpose of these appropriations is to pay federal disallowances, federal sanctions or penalties and the costs of any corrective action affecting DHFS or DWD. The bill, however, provides that DHFS or DWD may not encumber or expend any of the appropriated moneys until it submits a plan to the department of administration (DOA) and DOA approves the plan. Under the bill, DOA must notify the cochairpersons of JCF, in writing, of DOA's actions.

Finally, the bill requires DOA, at the end of each fiscal year, to determine the amount of moneys that remain in these new appropriations that have not been approved for encumbrance or expenditure under a plan and requires that the moneys be lapsed to the general fund.

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

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5 department of administration and the department of administration approves the  
6 plan.

7           (b) The department of workforce development may not expend or encumber any  
8 moneys received under s. 20.445 (3) (mm) unless the department of workforce  
9 development submits a plan for the expenditure of the moneys to the department of  
10 administration and the department of administration approves the plan.

11           (c) The department of administration may approve any plan submitted under  
12 par. (a) or (b) in whole or in part. If the department approves any such plan in whole  
13 or part, the department shall notify the cochairpersons of the joint committee on  
14 finance, in writing, of the department's action under this paragraph.

15           (d) At the end of each fiscal year, the department of administration shall  
16 determine the amount of moneys that remain in the appropriation accounts under  
17 ss. 20.435 (8) (mm) and 20.445 (3) (mm) that have not been approved for  
18 encumbrance or expenditure by the department pursuant to a plan submitted under  
19 par. (a) or (b) and shall require that such moneys be lapsed to the general fund. The  
20 department shall notify the cochairpersons of the joint committee on finance, in  
21 writing, of the department's action under this paragraph.

1           **SECTION 2.** 20.435 (8) (mm) of the statutes is created to read:

2           20.435 (8) (mm) *Reimbursements from federal government.* All moneys  
3 received from the federal government, other than moneys described under ss. 46.40  
4 (1) (bm), 46.45 (2), 46.46, 49.45 (6u) and 49.49, that are intended to reimburse the  
5 state for expenditures in previous fiscal years from general purpose revenue  
6 appropriations whose purpose includes a requirement to match or secure federal  
7 funds and that exceeded in those fiscal years the estimates reflected in the intentions  
8 of the legislature and governor, as expressed by them in the budget determinations,  
9 and the joint committee on finance, as expressed by the committee in any  
10 determinations, and the estimates approved for expenditure by the secretary of  
11 administration under s. 16.50 (2), for the purpose of paying federal disallowances,  
12 federal sanctions or penalties and the costs of any corrective action affecting the  
13 department of health and family services. Notwithstanding s. 20.001 (3) (c), at the  
14 end of each fiscal year, the amount determined by the department of administration  
15 under s. 16.54 (12) (d) shall lapse to the general fund.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

\*\*\*\*NOTE: The reference to s. 46.40 (1) (bm) in this paragraph is based on the creation of s. 46.40 (1) (bm) in LRB-0271. If LRB-0271 is not included in the budget bill, then this paragraph will have to be redrafted.

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18 received from the federal government that are intended to reimburse the state for  
19 expenditures in previous fiscal years from general purpose revenue appropriations  
20 whose purpose includes a requirement to match or secure federal funds and that  
21 exceeded in those fiscal years the estimates reflected in the intentions of the  
22 legislature and governor, as expressed by them in the budget determinations, and

**SECTION 3**

1 the joint committee on finance, as expressed by the committee in any determinations,  
2 and the estimates approved for expenditure by the secretary of administration under  
3 s. 16.50 (2), for the purpose of paying federal disallowances, federal sanctions or  
4 penalties and the costs of any corrective action affecting the department of workforce  
5 development. Notwithstanding s. 20.001 (3) (c), at the end of each fiscal year, the  
6 amount determined by the department of administration under s. 16.54 (12) (d) shall  
7 lapse to the general fund.

\*\*\*\*NOTE: This SECTION involves a change in an appropriation that must be  
reflected in the revised schedule in s. 20.005, stats.

8

(END)