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Administration

Agency Services

(LFB Budget Summary Document: Page 61)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Consolidation of Program Revenue Appropriations (Paper #145)
4	Integrated Document Services Cost Increases (Paper #146)
6	State Facilities Management -- Madison Parking Costs (Paper #147)
10	Technical Change -- Vehicle Replacement and Aircraft Overhaul (Paper #148)
12	Consolidation of State Vehicle Management Functions (Paper #149)

Gov Agency: Administration—Consolidation of Program Revenue
Appropriations

Recommendations:

Paper No. 145 Alternative 2

Comments: DOA wants to consolidate four separate sum certain PR appropriations into one. LFB doesn't like the idea because of the size and the varied purposes associated with each appropriation. DOA says they could save money by reassigning or reallocating any of the 200 positions within the four appropriations more easily if they were combined into one. They can always seek approval under 14 day passive review for increased position or expenditure authority for any one of the appropriations. LFB does not find the need for consolidation pressing. Probably best to go with Alternative 2.

Prepared by: Julie



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June 1, 1999

Joint Committee on Finance

Paper #145

Consolidation of Program Revenue Appropriations (DOA -- Agency Services)

[LFB 1999-01 Budget Summary: Page 61, #1]

CURRENT LAW

Under current law, separate sum certain appropriations are provided for the following four PR appropriations within the Department of Administrations Supervision and Management program; (a) materials and services to state agencies and certain districts; (b) transportation services; (c) printing, document sales, mail distribution and record services; and (d) financial services.

GOVERNOR

Consolidate the four separate sum certain PR appropriations into a single appropriation. The separate transportation services, financial services and printing, document sales, mail distribution and record services appropriations would be transferred into the materials and services to state agencies appropriation. Provide that the unencumbered balances of the three appropriations to be consolidated [(a) transportation services; (b) printing, document sales, mail distribution and record services; and (c) financial services] be transferred to the consolidated materials and services to state agencies appropriation on the general effective date of the budget bill and the dollar amount appropriated for the materials and services appropriation in 1999-00 be increased by the amount of the transferred unencumbered balances. Recommended funding for this new appropriation (consolidated base level funding plus recommended increases) is \$50,356,800 PR in 1999-00 and \$51,377,900 PR in 2000-01). Revenues for these appropriations are generated by fees charged to agencies for services provided by DOA. Lastly, shift funding for the Treasurer's Office, previously provided out of the financial services appropriation, to be funded under the consolidated appropriation.

DISCUSSION POINTS

1. The Department of Administration's supervision and management program consists of 40 appropriations with an adjusted base level of \$164,937,300 and 657 full-time positions. Of these totals, there are 22 appropriations with a total adjusted base level funding of \$145,380,300 and 508.3 authorized positions which are funded from program revenue. With the exception of facilities management, the majority of services provided by DOA to other state agencies are funded in this program.
2. The Governor recommends consolidating four of these appropriations into a single PR appropriation including transferring any unencumbered balances. The purpose of the four appropriations and the adjusted base funding levels are as follows:
 - The materials and services to state agencies and certain districts appropriation funds a portion of the personnel, accounting, purchasing, data processing, and bond administration activities of the Department. The adjusted base level is \$4,858,200 PR and 63.70 positions, are currently budgeted to this appropriation. [This is the appropriation into which the following three appropriations would be consolidated.]
 - The transportation services appropriation funds the state vehicle and aircraft fleet services (including purchases of new vehicles and aircraft), travel procurement, and state surplus property operations. The adjusted base level is \$14,149,600 PR and 25.80 positions are currently budgeted to this appropriation.
 - The printing, document sales, mail distribution and record services appropriation funds the printing, document sales, mail distribution and records services to state agencies. The adjusted base level is \$18,334,500 PR and 74.50 positions are currently budgeted to this appropriation.
 - The financial services appropriation funds the statewide accounting, auditing, payroll and other financial services to state agencies. Funding for the Treasurer's Office is also included in this appropriation and would also be transferred under the proposal. The adjusted base level is \$8,990,900 PR and 44.00 positions are currently budgeted to this appropriation.
3. The Governor's recommended funding level for this consolidated appropriation (consolidated base level funding plus recommended increases) would be \$50,356,800 PR in 1999-00 and \$51,377,900 PR in 2000-01 and would include 208 positions. This would then become the largest program revenue appropriation in the Department.
4. DOA argues that consolidating these appropriations would provide the Department with greater flexibility to provide services to state agencies efficiently and quickly by allowing expenditures to be made within a larger expenditure authority without DOA having to seek supplemental expenditure authority under s. 16.515. At the agency briefing before the Committee, Secretary Bugher stressed the importance of this flexibility to run the Department in a business-like

fashion.

5. From a legislative budget perspective, however, the alternative argument is that given the size of these appropriations and the varied purposes associated with each of the existing appropriations, it would be preferable to retain separate appropriations for budgetary oversight purposes. The existing separate appropriations allow the Legislature more budgetary control over the expenditure of funds because the funding is provided for more discreet purposes than if all of these budgetary programs were combined into a single appropriation. It could be argued that consolidation would reduce the Legislature's ability to perform its oversight functions since now distinct, if broad, purposes are delineated for each of the existing separate appropriations except for the generic "materials and services to state agencies appropriation."

6. DOA indicates that it would maintain sublevel numeric appropriations for accounting purposes. However, there would be no legislative requirement to do so and nothing to prevent DOA from discontinuing this practice in the future. More importantly, the amounts allocated to the sublevel numeric appropriations would be determined by DOA not the Legislature.

7. Along with the increased expenditure flexibility, DOA would also be able to reallocate and reassign, without legislative review, any of the over 200 positions that would now be authorized to a single appropriation.

8. Another concern that the proposed consolidation raises is that it could enhance the potential for cross-subsidization of services that would now be included within this one larger appropriation. Within each of these current PR appropriations, rates are set based on the distinct cost of the services provided and funded from each respective appropriation. In determining the rates for the cost of the various services provided, there are some costs that are unavoidably shared between activities within the same appropriation. For example, in the case of transportation services, some overall costs of that functional area may be apportioned between the state fleet and the aircraft fleet. But under the consolidated appropriation, some overall costs could be distributed on a much broader basis, such as across transportation services, financial services, and printing services.

9. Finally, when DOA believes there is a need for increased position or expenditure authority for one of these existing PR appropriations, it may submit a 14-day passive review request to the Finance Committee to obtain the needed authorization.

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Maintain current law.

Prepared by: David Worzala

MO# 44.2

2 BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

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