

2724

Gov Agency: Administration—Budget Request Submittal Date

Recommendations:

Paper No. 183 Alternative 3

Comments: The governor wants to delete the uniform date of September 15 of each even numbered year for state agency budget request submittals to DOA. Obviously, this is not a good idea because it will delay the governor's budget to the Committee even further. LFB argues strongly against this proposal for obvious reasons (outlined in points 3 and 4). Alt. 2 would give authority to any newly-elected, non-incumbent governor to request for a delay in budget submittal to the Legislature. I don't think this would have any practical effect than current law, however, so I think it's best just to go with Alt. 3.

Prepared by: Julie



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June 1, 1999

Joint Committee on Finance

Paper #183

Budget Request Submittal Date (DOA -- General Statutory Provisions)

[LFB 1999-01 Budget Summary: Page 78, #7]

CURRENT LAW

All agencies, other than the Legislature and the courts, are required to submit, no later than September 15th of each even-numbered year, to the Department of Administration and the Legislative Fiscal Bureau their biennial budget request in the form and content as prescribed by DOA. DOA is required to compile and submit to the Governor and the Legislature by November 20th of each even-numbered year a compilation of agency budget requests. Finally, the Governor is required to submit his or her budget message (and accompanying budget bill and book) to the Legislature no later than the last Tuesday in January in each odd-numbered year, unless the Governor requests and the Legislature approves, by adoption of a joint resolution, a later submittal date.

GOVERNOR

Modify current law to delete the uniform date of September 15th of each even-numbered year for submittal by state agencies of their budget requests to DOA and the Legislative Fiscal Bureau.

DISCUSSION POINTS

1. Prior to 1993 Wisconsin Act 16 (the 1993-95 biennial budget), the statutes specified that state agencies had to submit their biennial budget requests no later than a date as specified by DOA. Sometimes that date was established as a uniform date for all agencies and other times there were staggered dates varying by size of agency and governing structure (for example, whether a cabinet secretary or a policy board has final approval of the budget request). In Act 16, as part of a gubernatorial request to establish a later statutory date for submittal of the executive budget, that

budget initiative also requested establishment of the uniform September 15th agency submittal date. The Governor's request for the uniform September 15th submittal date was approved by the Legislature.

2. DOA indicates that it now believes that the statutory specification of a uniform submittal date for agency budget requests is not desirable for the following reasons:

- When DOA used to set the required submittal date administratively, it was usually about October 1 of each even-numbered year. DOA's hope in establishing a statutory date that was about two weeks earlier than that was to allow DOA to receive the agency budget requests that much earlier.

- However, DOA indicates that some agencies complain that the required submittal date is too early, especially if the agency is run by a part-time policy board which must approve the budget request before it is submitted to DOA. In addition, DOA has found that some of the larger agencies simply have trouble completing all the work involved in the budget preparation and submittal process by the September 15th deadline.

- Finally, DOA argues that even with the law, it is often difficult to get the cooperation of some agencies to take seriously and comply with the submittal date.

- The Department therefore believes that removing an inflexible statutory date for budget submittals would give the agency and the Governor greater flexibility to better manage the budget process.

3. Given the continually late submittal of executive budgets in recent years, it could be argued that any moving back of the current submittal date would be clearly disadvantageous from the Legislature's perspective. The structure and focus of the first session of the Legislature in the odd-number year is primarily geared to consideration and enactment of a biennial budget. The time constraints on the Legislative Reference Bureau drafting attorneys associated with developing the Governor's biennial budget slows the initial introduction of bills in the new session because of drafting backlogs. Further, floor session schedules for that first six-month period of each new Legislature are premised on the various stages set for legislative review of the budget and depend upon an expected receipt of the statutory budget on the due date to allow timely consideration of the executive budget. Even when a gubernatorial budget submission is delayed, the executive branch and the public still tend to believe that the Legislature needs to pass a budget by June 30th of the odd-numbered year before the new budget biennium begins. This has the result that to comply with that expectation the Legislature has to compress its review time rather than having the Governor start his or her review earlier and deliver the budget on time.

4. It could be argued that the Legislature's interest would, therefore, be best served by doing nothing to lessen the procedures and requirements that would ensure that the Legislature receives the executive budget no later than the last Tuesday in January of each odd-numbered year.

5. At the same time, if DOA and the Governor believe that removing the earlier than historically typical submittal date would somehow help in getting agencies to get their agency budget requests in on a timely basis so that DOA and the Governor may begin their timely review of agency requests, then the Committee could adopt language to allow DOA to set an alternative deadline date or dates for submittal of agency budget requests. However, to ensure at the same time that executive branch efforts are redoubled to ensure that executive budgets are delivered by the statutory date of the last Tuesday in January of the odd-numbered year, the Committee could add language to restrict the occasions under which any Governor, whether newly-elected or an incumbent, could request the Legislature to alter their part of the budget cycle by allowing a later budget submittal date. The Committee could newly specify that a delayed submittal date could be requested only by a newly elected, non-incumbent Governor. This would require the DOA and any sitting Governor to seriously consider the timelines it sets for agency budget submittals to ensure that that administration meets the statutory last Tuesday in January budget submittal date.

ALTERNATIVES

1. Approve the Governor's recommendation to delete the current September 15th of each even-numbered year date for submittal of agency budget requests and instead allow the Department of Administration to set the date administratively.

2. Approve the Governor's recommendation except further modify current law to allow only a non-incumbent, newly-elected Governor to request that the Legislature by joint resolution approve a submittal date for the executive budget that is later than the statutory date of the last Tuesday in January of each odd-numbered year.

3. Maintain current law.

MO# Alt 3

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

Prepared by: Terry Rhodes

AYE 10 NO 0 ABS 0

ADMINISTRATION, DISTRICT ATTORNEYS AND EMPLOYE TRUST FUNDS

Granting Creditable Service under the Wisconsin Retirement System
to Certain District Attorney Employees in Milwaukee County

Motion:

Move to include statutory language to:

(1) Provide additional creditable service under the Wisconsin Retirement System (WRS) to state employes who meet all of the following criteria:

- a. They were prosecutors in the Milwaukee District Attorney's Office on December 31, 1989, and transferred to state service on January 1, 1990;
- b. They were participants in the Milwaukee County Employes Retirement System, created by Chapter 201, Laws of 1937, but were not vested on December 31, 1989, for the purpose of qualifying for an annuity under that System;
- c. They exercised their option to become a WRS participant on January 1, 1990; and
- d. They are state employes on the general effective date of this biennial budget act.

(2) Specify that the amount of additional creditable service under the WRS granted to each state employe meeting all the above criteria shall be equal to the amount of creditable service accumulated as of December 31, 1989, under the Milwaukee County Employes Retirement System, created by Chapter 201, Laws of 1937, for which the employe did not have vested pension rights.

(3) Require the Department of Employee Trust Funds to determine the amount of unfunded prior service liability for the WRS due to the additional creditable service granted to state employes meeting all the above criteria, and direct that the total amount of the additional unfunded prior service liability be added to the current unfunded prior service liabilities of the Department of Administration.

(4) Specify that commencing in the 1999-00 fiscal year, the Department of Administration shall annually pay to the WRS an amount sufficient to fully amortize the total amount of unfunded prior service liability for all of the additional creditable service granted under this motion, plus annual interest computed at the WRS assumed rate (currently 8%) by the end of current amortization period for state employe unfunded liabilities.

(5) Specify that state fiscal years 1999-00 through 2003-04, \$80,000 GPR annually shall be deducted from the gross annual payment amounts which otherwise would have been made to

Milwaukee County for district attorney salaries and fringe benefits under s. 20.475(1)(d) of the statutes. Stipulate that these annual deductions shall instead be applied towards the total amount of the DOA's additional unfunded prior service liability plus annual interest costs associated with the additional creditable service that would be granted under this motion.

Note:

Provisions of 1989 Wisconsin Act 31 made district attorneys and other county prosecutors state employees, first effective January 1, 1990, and established an appropriation under s. 20.475(1)(d) of the statutes for the costs of salaries and fringe benefits of district attorneys and other state employees serving in county district attorneys offices. Under 1989 Wisconsin Act 336, employees of the Milwaukee County District Attorney's office were given the option of either remaining as participants under the separate Milwaukee County Employees Retirement System or converting to the WRS on January 1, 1990. For Milwaukee County prosecutors who had vested pension rights under the county retirement system (10 years of creditable service was required in order to be vested under the county system), current law allowed such employees full retirement benefit reciprocity and no benefits were lost.

However, for Milwaukee County prosecutors who had not vested in the county retirement system and who elected to become participants under the WRS, Act 336 directed that the county system remit to the WRS an amount equal to the employer-required normal contributions, plus interest earned, for each nonvested employee, thereby allowing the employee to receive creditable service under the WRS. Subsequently, the Wisconsin Supreme Court, in *Association of State Prosecutors v. Milwaukee*, determined this provision to be an unconstitutional taking from the county retirement system and ruled it invalid.

This motion would grant WRS creditable service to current state employees who were originally non-vested county pension system employees in the Milwaukee County District Attorney's Office on December 31, 1989. ETF would be required to determine the total amount of unfunded prior service liability that would be due as a result of granting the additional WRS creditable service. This total additional liability would be added to DOA's unfunded prior service liability amounts due the WRS and would be payable by the state commencing in 1999-00 and extended to the end of the current amortization period for retiring the state's unfunded prior service liabilities (currently, December 31, 2026). Milwaukee County would share in funding this unfunded prior service liability through the deduction of \$80,000 GPR annually (for fiscal years 1999-00 thru 2003-04) from the amounts which would otherwise be remitted to Milwaukee County to reimburse it for the costs of state prosecutors' salaries and fringe benefits. After that time, the full cost of the unfunded liability charge would be borne by DOA.

ETF estimates that 36 state employees would be affected by this motion and that the total additional unfunded prior service liability would total approximately \$955,700. At the WRS assumed interest rate of 8%, estimated additional unfunded liability total payments of \$107,900

GPR in 1999-00 and \$105,100 GPR in 2000-01 would be required to be paid annually towards this unfunded prior service liability.

These amounts would represent a net additional fringe benefits cost to the state of \$27,900 GPR in 1999-00 and \$25,100 GPR in 2000-01 after deducting \$80,000 GPR annually from Milwaukee County reimbursements for the costs of state prosecutors' salaries and fringe benefits. After the 2003-04 fiscal year, the state would become liable for the full annual costs of the additional unfunded liabilities since there would be no further \$80,000 annual offset. To the extent that the Department of Administration had insufficient funds to cover these increased fringe benefits costs during each fiscal year of the next biennium, the Department would be eligible for supplementation from the amounts included in Compensation Reserves. Because all agencies' unfunded fringe benefits costs are typically supplemented at 100% of need, whatever additional funding would be provided to the Department would result in a corresponding reduction in the amount of funds available to supplement increased GPR salary costs for all state agencies.

MO#			
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
2 DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 12 NO 4 ABS _____

ADMINISTRATION

State Federal Surplus Property Program

Motion:

Move to provide \$100,000 GPR in 1999-00 in a sum certain, annual aids to organizations appropriation to provide a grant to the Wisconsin Technical College System Foundation to provide state assistance for the costs of operating the state federal surplus property program. In addition, provide \$100,000 GPR in 2000-01 in the Committee's GPR supplemental appropriation for release to DOA under 13.10 upon submittal of a long-term financial plan for the federal surplus property program.

Note:

This motion would provide \$100,000 GPR in 1999-00 to the Wisconsin Technical College System Foundation (WTCSF) to aid in the costs of operating the state federal surplus property program. Funding of \$100,000 GPR in 2000-01 is placed in the Committee's supplemental appropriation for release under s. 13.10 after DOA submits a long-term financial plan for the program.

The WTCSF is a non-profit organization that has contracted with the DOA to operate the state federal surplus property program since 1987. The federal surplus property program makes federal property available to states for use by eligible recipients at low cost. Eligible recipients include any governmental agency as well as non-profit, tax exempt health or educational institutions. For fiscal years 1995 through 1997, there were 312 organizations which purchased surplus federal property at a cost of almost \$1.8 million. Approximately 61% of those organizations were local governments, 22% were technical colleges, and 8% were state agencies or other qualified entities.

The state federal surplus property program has always been intended to be a self-sufficient program but has frequently been unable to generate sufficient revenues to meet the costs of operating the program. DOA currently has a carryover deficit of \$414,000 (originally the deficit was almost \$1.9 million) from when DOA operated the program. This deficit is gradually being repaid by the crediting of the deficit with DOA's general operating GPR budget surpluses that would otherwise lapse to the general fund. In addition, at the beginning of this year DOA carried a

separate deficit of \$485,100 from advances made to the Foundation in 1997 and additional DOA costs incurred since 1987 that the Foundation is responsible to pay. According to Foundation, the program is estimated to have an estimated \$110,000 deficit in 1998-99 and is likely continue to operate in a deficit situation. This motion would provide a new state aid appropriation to meet this deficit situation in 1999-00 and places \$100,000 GPR for 2000-01 in the Committee's GPR supplemental appropriation for release after DOA submits a long-term financial plan for the program.

[Change to Bill: \$200,000 GPR]

MO#				
1	BURKE	Y	N	A
2	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
	AYE	9	NO	7
			ABS	

ADMINISTRATION

General Statutory Provisions

LFB Summary Item to be Addressed in a Subsequent Paper

<u>Item #</u>	<u>Title</u>
3	Financing of Energy Conservation Construction Projects
6	Creation of Duties Due to Elimination of Educational Communications Board

LFB Summary Item for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
4	Modifications to DOA Review of Annexation in Populous Counties