



## Legislative Fiscal Bureau

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

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Joint Committee on Finance

Paper #710

### **Standard Budget Adjustments (Tourism)**

[LFB 2005-07 Budget Summary: Page 462, #1, part]

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#### **CURRENT LAW**

Tourism is provided base funding of \$130,100 from tribal gaming program revenue (PR) annually with 1.0 position from its tourist information assistant appropriation.

#### **GOVERNOR**

Provide an additional \$59,400 tribal PR annually for adjustments to the base budget for full funding of salaries and fringe benefits.

#### **DISCUSSION POINTS**

1. Standard budget adjustments are a category of cost changes common across all agencies that are considered "housekeeping" in nature and are required to continue a base level of services into the next biennium. The full funding of salaries and fringe benefits aspect of standard budget adjustments provides the funding adjustment needed to bring salary levels for base level permanent and project positions to salary levels as of July of the even numbered year.

2. A tourism promotion representative position and several limited-term employees are funded from the tourist information assistant tribal gaming revenue appropriation. The funding was provided in the 1999-01 budget primarily for staffing the tourism information center operated by Tourism in the Mall of America in Bloomington, Minnesota. This center opened in June, 2000, and was closed by Tourism on November 30, 2001. The tourist information assistant appropriation is authorized base level funding of \$130,100. This supports the 1.0 position and \$84,000 in LTE salaries. Because the tourism information center with which the position was associated was closed, the Department did not fill the permanent position. In 2003, Tourism decided the position could be

used as an agency liaison and submitted a requested change in position classification to the Department of Administration on July 3, 2003. The position change was approved and, as reclassified, was filled in July, 2003. With the change in classification, the position was also made a project position that expires on July 1, 2007, and will be removed in standard budget adjustments in the 2007-09 budget. DOA officials indicate that they sometimes allow such conversions of permanent positions to occur with the understanding that at the expiration of the four-year period the project position is to terminate.

3. Under the statutes, a project position is intended to be a position that is funded for six or more consecutive months (but not more than four years), requires employment of at least 600 hours in a yearly period, and is to be used for either a temporary workload increase or for a planned undertaking that is not a regular function of the employing agency and has an established probable date of termination. This is in distinction to a permanent position, which is to be used for ongoing activities of an agency or to limited-term employees (LTEs) for which no position authorization is indicated and whose employment is limited to a maximum of 1,040 hours per year in any specified appointment for an employing agency.

4. Project positions offer a number of advantages to an agency in certain situations. Probably the most attractive single advantage to an agency relates to the process that is involved in filling a project position. Under current law, any project position may be filled either in the same way as a permanent position would be (with a formal recruitment process, civil service exam and appointment, from an established candidate register, of a person to the position) or by what is termed a project appointment where there is no established civil service recruitment process. In the latter method of filling a project position, it is essentially comparable to the hiring of an LTE employee where any candidate that the employer believes is qualified for the job may be employed immediately.

5. Administrative rules provide that project positions may be filled as project appointments rather than permanent appointments only with the approval of the Administrator of the Division of Merit Recruitment and Selection in the Office of State Employment Relations (OSER). Tourism received this approval on July 8, 2003. To approve the filling of a project position via the project appointment option, the Administrator is required to evaluate such factors as the duration of the proposed project position, the availability of qualified potential applicants on regular employment registers and in the state labor market generally, the similarity of work to be performed by the project position to regular functions of the employing agency, and the time limitations associated with initiating and completing the project.

6. However, project positions--whether filled using permanent position procedures or as project appointments--are provided with all the normal fringe benefits provided permanent staff. Further, an employee in a project position can be paid the same level of salary as would be paid for that position classification if the person were appointed as a permanent employee.

7. The tourism promotion representative position was authorized to manage and operate a tourist information center in the Mall of America. Typical duties of this position include interacting with potential tourists and providing information and resources related to tourism in

Wisconsin. The agency liaison position is located in River Falls and provides constituent services for tourism promotion and economic development on behalf of the Department of Tourism and the Governor in Northern Wisconsin. Position duties include establishing and maintaining extensive contacts with individuals, organization and groups in Northern Wisconsin, and effectively representing the Governor and his initiatives while promoting tourism and economic development in Northern Wisconsin. In addition, the position handles constituent contacts regarding tourism, and performs research and provides other information as a part of advising the Governor on tourism in Northern Wisconsin.

8. With the change in the classification, the annual salary associated with this position increased from \$25,900 to \$60,600. To account for this change in funding resulting from the reclassification of the position, the full funding of salaries and fringe benefits aspect of standard budget adjustments would provide an additional \$34,700 for salary and \$15,800 for fringe benefits annually in the 2005-07 biennium, for a total increase of \$50,500 in tribal gaming PR annually (the remaining \$8,900 under the bill is an adjustment for fringe benefits for LTEs).

9. After appropriated tribal gaming program revenue in the tourist information assistant appropriation was exhausted, Tourism has been funding the difference between authorized funding for the position, and the reclassified position's salary and fringe benefits, from its general program operations GPR appropriation.

10. The Committee could consider not providing an additional \$50,500 annually for this reclassified position. Tourism could continue funding the additional costs of the position from its LTE base in the PR appropriation, from other appropriations, or by restoring the position to a tourism promotion representative. This would reduce tribal gaming PR expenditures under the bill by \$101,000 for the biennium (Alternative #2).

11. Tourism officials argue the position is needed to address tourism-related issues in Northern Wisconsin. On the other hand, the Legislature originally provided the position to staff the Mall of America tourism information center and this location has closed. Further, Tourism has reduced the number of tourist information centers it operates (from 13 to 10). Therefore, the Committee could consider deleting the position and associated funding (a reduction of \$28,800 to the base or \$88,200 annually compared to the bill). If Tourism would like to provide for an agency liaison, it could submit a budget request to create this position. Further, under Alternative #3, \$101,300 annually would remain to support LTE salary and fringe benefits at remaining tourist information centers. If LTE funding were reduced or eliminated, Tourism would have to consider reducing hours or closing additional information centers.

12. Since any tribal gaming revenue that is not expended is deposited to the general fund, any increase in tribal gaming PR expenditures would be expected to decrease the amount of general fund revenue by the same amount. As a result, the bill would reduce anticipated general fund revenues by \$118,800 over the biennium (\$59,400 annually).

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$59,400 in tribal gaming PR annually for adjustments to the base budget for full funding of salaries and fringe benefits related to tourist information centers and an agency liaison position.

2. Provide \$8,900 annually for full funding of LTE fringe benefit costs related to tourist information center operations.

<u>Alternative 2</u>	<u>GPR-REV</u>	<u>PR</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$101,000	
<b>2005-07 FUNDING</b> (Change to Bill)		- \$101,000

3. Delete \$28,800 annually and 1.0 project position (tourist information center operations LTE funding would remain).

<u>Alternative 3</u>	<u>GPR-REV</u>	<u>PR</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$176,400	
<b>2005-07 FUNDING</b> (Change to Bill)		- \$176,400
<b>2006-07 POSITIONS</b> (Change to Bill)		- 1.00

4. Maintain current law.

<u>Alternative 4</u>	<u>GPR-REV</u>	<u>PR</u>
<b>2005-07 REVENUE</b> (Change to Bill)	\$118,800	
<b>2005-07 FUNDING</b> (Change to Bill)		- \$118,800

Prepared by: Christopher Pollek