



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #111

Transfers from the Division of Intergovernmental Relations (DOA -- Transfers from the Department)

[LFB 2009-11 Budget Summary: Page 44, #4; Page 45, #6 and; Page 476, #5]

CURRENT LAW

The Division of Intergovernmental Relations within the Department of Administration (DOA) includes federal-state relations, Southeast Wisconsin intergovernmental relations, coastal management, comprehensive planning and land information programs, demographic services, municipal boundary and plat review.

Demographic Services. The Department of Administration is required to periodically make population estimates and projections. These population determinations do not supersede the federal census, but are used for all official state estimates and projections unless otherwise specified. The Department must establish a Demographic Services Center for the purpose of developing and administering the following population services: (a) annually making determinations of the number of persons residing in each municipality and county of the state and to periodically make projections of populations of the state, county, and municipalities; and (b) preparing population estimates for revenue sharing distribution.

On or before August 10 of each year, the Department must make preliminary population determinations and notify each municipality and county of these determinations. After considering any appeal of a county or municipality regarding its population, the Department must issue an official population estimate by October 10, of each year.

The Demographic Services Center must maintain a repository of federal census information and work with state agencies and regional planning agencies to ensure that the Department's population estimates and projections, as well as census data and reports, are provided in useful format. The Center must provide assistance to and encourage and coordinate efforts of state and local agencies, regional planning agencies, and private businesses and

associations to inform the public regarding the federal census process and the importance of obtaining a complete, accurate federal census. The Department must act as a liaison to the U.S. Census Bureau and facilitate accurate population counts in this state.

The Department must maintain and keep current the maps of congressional and legislative district boundaries received from the Legislative Reference Bureau and must provide copies to the Government Accountability Board.

The Department may enter into agreements with state and local agencies or regional planning agencies for their assistance in the preparation of population estimates, projections, and forecasts.

Coastal Management. The Coastal Management program was established at the federal level by the Coastal Zone Management Act of 1972. Wisconsin was granted approval of its Coastal Management program in May, 1978. The Coastal Zone Management Act of 1972 established the coastal zone management program to provide funds, policy guidance and technical assistance to coastal states to help establish and maintain programs that do the following:

- Protect natural resources, including wetlands, floodplains, estuaries, beaches, dunes, barrier islands, coral reefs, and fish and wildlife and their habitat within the coastal zone;
- Coastal management along the coastal zone to minimize the loss of life and property caused by improper development and by the destruction of natural protection features;
- The management of coastal development to improve, safeguard, and restore quality of coastal waters and to protect natural resources and existing water uses;
- Coastal-development uses and orderly processes for siting major facilities related to national defense, energy, fisheries development, recreation, ports and transportation and the location, to the extent practicable, of new commercial and industrial developments in or adjacent to current developed areas;
- Public access to coasts for recreation purposes;
- Assistance in the redevelopment of deteriorating urban waterfronts and ports, and sensitive preservation and restoration of historic, cultural, and esthetic coastal features;
- The coordination and simplification of procedures in order to expedite government decision making for coastal zone resource management;
- Continued consultation and coordination with affected federal agencies;
- Giving timely notification of opportunities for public and local government participation in coastal decision making;
- Assistance to support comprehensive planning, conservation, and management of

living marine resources; and

- The study and development of addressing potential adverse affects land sinking or water rising along coastal zones.

GOVERNOR

Delete a total of \$43,900 GPR and \$65,900 FED and 2.9 GPR and 3.6 FED positions annually as follows: (a) delete 2.5 GPR positions annually in the demographic services center (transfer \$203,800 GPR annually from salary and fringe benefits to supplies and services related to these positions); (b) delete 3.0 FED positions and transfer \$3,631,800 FED annually from DOA to the Department of Natural Resources (DNR) as part of a transfer of Coastal Management functions to DNR; and (c) delete 1.0 deputy administration position (\$43,900 GPR and \$65,900 FED, and 0.4 GPR and 0.6 FED position).

Demographic Services. The Executive Budget Book indicates that DOA would contract with the Applied Population Lab at the University of Wisconsin-Madison for demographic services. Under the bill, no additional appropriation authority would be provided to the UW System.

Coastal Management. Specify that the DNR rather than DOA, in consultation with the coastal management council created under executive order would administer the state's coastal zone management program authorized under 16 US Code 1455, which specifies that the Secretary of the U.S. Department of Commerce may provide grants to coastal states for administration of a state's management program.

Specify that all of the following, that are primarily related to coastal zone management functions as determined by the Secretary of DOA, would be transferred from DOA to DNR on the effective date of the bill: (a) the assets and liabilities; (b) tangible personal property, including records; (c) all contracts that are entered into by DOA; (d) all rules promulgated by DOA; and (e) all pending matters.

Specify that DNR would be required to carry out the contractual obligations under any contract entered into by DOA, until the contract is modified or rescinded to the extent allowed under the contract. Specify that rules and orders that are transferred would remain in effect until the rules or orders expire or are rescinded or modified by DNR. Specify that all materials submitted to or actions taken by DOA, with respect to pending matters, would be considered as having been submitted to or taken by DNR.

DISCUSSION POINTS

Demographic Services

1. Under current law, DOA is required to establish a demographic services center for developing and administering systems needed to carry out the Department's responsibilities regarding population estimates and projections. The population data developed by DOA is used for several statutory purposes that specify the distribution of funding based on total population and how the population is distributed. Currently, there are 2.5 FTE positions dedicated to demographic services at DOA.

2. The population estimates are used for statutory, regulatory, and program activities such as bond issuances for technical college district boards, development zones and boundary issues, clean water fund program, landfill closure cost-sharing grants, general transportation aids, point source abatement, prosecutorial units, salaries and fringe benefits state district attorney offices, public libraries, quotas for class B licenses for retail sales of intoxicating liquors, regional planning commissions, farmland preservation, recovery and recycling, public utility aid payments, incorporation of new villages and cities, comprehensive planning, and urban nonpoint source water pollution abatement and storm water management program.

3. The Department currently estimates the statewide population, as well as the population of each county and municipality. Because population estimates may be used for state and federal fund distributions to local units of government (such as payments for municipal services), the statutes specifically require annual updates of these population estimates and allow the local units of government to file objections with the Department in order to ensure an accurate estimate.

4. Under the bill, the 2.5 FTE positions would be deleted, but there would be no change to the statutes in regards to demographic services that must be performed by the Department. Currently, DOA is required to fulfill several duties relating to the re-estimation of the population of the state and its counties and municipalities and the collection and distribution of U.S. census data.

5. The Executive Budget Book indicates that the DOA would contract with the Applied Population Lab at the University of Wisconsin-Madison for demographic services. The Department indicates that it is currently negotiating with UW-Madison for the provision of demographic services, and at this time the amount that would be paid to UW-Madison and the scope of services has not been decided, but that it is the intent of DOA to have all statutorily required demographic services provided by UW-Madison. Under the bill, all salary and fringe benefit funding relating to these positions (\$203,800 GPR annually) would be transferred to supplies and services, presumably to pay UW-Madison for use of the Applied Population Lab.

6. The Department states that "with two agencies both providing demographic services, there is an opportunity for efficiency and savings while maintaining the level of service users of the data expect. A consolidation also allows for a more consistent delivery of data and service." The Committee could choose to approve the Governor's recommendation to delete these positions.

7. The current statutes allow the Department to enter into agreements with state and local agencies or regional planning agencies for their assistance in preparing population estimates, projections and forecasts. It is unclear whether this is sufficient authority to allow for the transfer of demographic services without a transfer of statutory responsibilities to the UW System.

8. Because local units of government may be affected by population estimate changes, the statutes allow for dispute of the projections, based on evidence of contrary projections. While the State Budget Office indicates that DOA and UW-Madison would work to resolve any population challenge, ultimately DOA would be responsible for resolving such an issue. It could also be argued that this type of administrative duty better fits DOA's role in state government than the UW-Madison's.

9. While the Executive Budget Book specifies that DOA would contract with UW-Madison's Applied Population Lab, there is no statutory requirement that specifically authorizes or requires UW-Madison to fulfill these duties. While salaries and fringe benefits for the current employees would be moved to supplies and services, presumably to pay for contractual costs, there was no increased expenditure authority provided to UW budgets relating to this proposal. It could also be argued that since no funding would be deleted from this provision that the deletion of these positions would not result in any savings.

10. In addition, population data could become more difficult to obtain since state agencies, local units of government and members of the public may currently contact demographic services and obtain population data free of charge. For instance, a business owner may contact demographic services staff for assistance in market research, or a regional planning commission may contact DOA for projections on estimated population growth and housing starts.

11. In contrast, the Applied Population Lab operates primarily on a pay per service basis. It is, therefore, unclear whether amounts provided by DOA would fund all demographic services to state and local agencies or whether additional costs may be assessed. Since the Applied Population Lab is funded from a PR-continuing appropriation, assessments to population data could increase for the provision of population data.

12. In addition, the demographic services will likely provide services to the federal government as part of the 2010 decennial census. Since accurate census collection could play a pivotal role in determining the states share of federal funds and the ways in which state funds are distributed among various Wisconsin communities, it could be argued that maintaining these services in DOA could be significant. Further, since there is no savings related to the transfer, the positions could be retained. The Committee could, therefore, choose to delete the Governor's recommendation to delete these positions and transfer the duties from DOA.

Coastal Management

13. The bill would transfer Coastal Management functions from DOA to DNR. However, the 3.0 FED positions that are currently assigned to Coastal Management would be

deleted. Funding currently set aside for salaries, fringe benefits and limited-term employees (\$219,500 FED annually) would be moved to supplies and services under DNR.

14. A coastal zone is defined to include shorelines of Great Lake waters. States that have coastal zones are allowed to participate in the federal program which allows the state to receive federal funding through the Office of Ocean and Coastal Resource Management (OCRM) within the National Oceanic and Atmospheric Administration (NOAA) which is part of the U.S. Department of Commerce. Federal funding supports the state's administration of the program and is also used for grants to state agencies and local governments for coastal zone programs. The coastal zone extends for the length of each of the 15 Wisconsin counties adjacent to Lake Michigan (including the Green Bay) and Lake Superior. The state or local match may be financial or in-kind services.

15. Coastal management has limited state statutory duties: requirements that DNR and the Department of Transportation consult with the Coastal Management Council in administering harbor assistance and coastal management programs. The Council was originally established under Executive Order #49, dated October 7, 1977. It has 12 members and is responsible for setting the policy direction for the Coastal Management program.

16. Federal law requires the state to designate a lead agency for Coastal Management programs. This lead agency must be approved by OCRM.

17. Assembly Bill 75, would delete the current FED positions associated with the Coastal Management program and require DNR, in consultation with the Coastal Management Council to administer the program. Estimated expenditures of \$3,631,800 FED annually would be transferred to DNR, but the amounts for salary and fringe benefits (\$219,500 FED annually) would be moved to supplies and services. The table below shows the actual expenditures for 2007-08, and the amounts internally budgeted for 2008-09.

	<u>Expenditures for 2007-08</u>	<u>Budget for 2008-09</u>
Salaries and Fringe Benefits	\$260,100	\$278,200
Limited-Term Employees	10,600	5,500
Supplies and Services	126,300	107,000
Grants	<u>1,777,400</u>	<u>1,745,700</u>
Total	\$2,174,400	\$2,136,400

18. The administration indicates that DNR can handle the duties without additional staffing and the reason for the transfer is to "consolidate like programs affecting coastal and great lakes issues under one agency and because the consolidation of programs, allows more efficient delivery of service."

19. It could be argued that a reduction in staffing could free up more federal funding for

coastal management grants. If the Committee believes that greater efficiencies can be achieved by this consolidation or that DNR should house Coastal Management services, it could approve the Governor's recommendation.

20. On March 13, 2009, the Coastal Programs Division Chief of OCRM sent a letter to the DNR and DOA Secretaries indicating that OCRM had received very little detail about the proposed transfer and OCRM is concerned that this transfer could hinder the effectiveness of state Coastal Management projects. The Division Chief recommended that the relevant Wisconsin officials should consult with his Division before the transfer occurs and that such a transfer could not occur without the OCRM's approval.

21. The Division Chief indicates that DNR would have to assume all of the responsibilities currently required of DOA. If DNR wishes to make any changes to the program, or OCRM determines that DNR lacks some capabilities or authority to assume these duties, OCRM could institute changes to federal the Coastal Management program, potentially including, but not limited to, redirecting a portion of federal grants provided to Wisconsin for Coastal Management projects and requiring DNR to submit an environmental impact statement regarding the transfer.

22. The Section Chief also noted that the change could be considered significant if the transfer does not provide for some administrative support at DNR. The Chief states that the OCRM staff have worked closely with DOA staff. Further, OCRM evaluators have "heard how partners and grantees (past and present) rely heavily on WDOA [Wisconsin Department of Administration] staff for information and technical assistance. The evaluation team found the WCMP [Wisconsin Coastal Management Program] to be operating effectively under WDOA and OCRM wants to ensure that any change in designation of the WCMP lead agency does not jeopardize these successes."

23. Coastal management issues are not solely related to DNR administration, but includes tourism, economic development, public access, historical preservation, and education. The statutes specifically require the Department of Transportation to work in consultation with the Coastal Management Council for the harbor assistance program.

24. During the week of June 16, 2008, OCRM conducted a site visit of the state's coastal management program and noted that the evaluation team was highly impressed the Coastal Management staff. "Staff are knowledgeable and dedicated, and considered experts and trusted partners in the coastal management community." The evaluation team noted that the staff had a great working relationship with coastal management agents and grantees and had developed a user-friendly, transparent, and thorough application system. "The evaluation team frequently heard that initiatives simply could not have happened with the WCMP's technical and financial assistance."

25. When discussing potential areas of improvement, most of OCRM's comments related to increasing the amount of time Coastal Management staff spent on promotion of the coastal management programs to the general public and the desire to have staff attend more federal training opportunities. However, the evaluators noted that these issues were derived from lack of available staff time, as they had earlier noted the relatively small coastal management staff.

26. In March, 2009, based on the OCRM comments, the National Policy and Evaluation Division of the U.S. Department of Commerce completed a draft of an evaluation for the Coastal Management program (waiting on agency response to become a completed evaluation), and reiterated the OCRM findings in regards to the current staff, stating, "staff demonstrate a keen understanding of current emerging coastal issues, and how to proactively address them." The evaluation also stated that the state could use additional staffing dedicated solely to the implementation and coordination of education and outreach initiatives.

27. The evaluation notes previous reductions to the program (an office manager and a grants specialist) and stated that the current staff did a remarkable job in maintaining the quality of the program, but noted that OCRM believes, "that any further reduction in staff could negatively affect the administration, and likely the impact of WCMP."

28. While the OCRM determines the amount of coastal management funds that will be provided to the state, it is not evident that the OCRM would continue to provide the same level of funding, should the administration program be found inadequate. The Office indicates that the effectiveness of the overall program is viewed in determining the grants made available to the state. The Office also indicated that Wisconsin currently operates at a base minimum of staffing, and in working with the DNR, they would need assurances that at least the same amount of support would be provided.

29. The Department of Natural Resources indicates that the Coastal Management program would be housed within the Office of the Great Lakes, which currently funds staff from a mixture of FED, GPR, and SEG (conservation fund, environmental fund, and environmental improvement fund).

30. It could be argued that DNR could have difficulty in obtaining lead-agency approval, or maintaining the same grant level, should it not be able to reallocate sufficient staffing from base funding. Further, if the federal government must approve of the transfer, and desires more positions dedicated to Coastal Management, it may be more appropriate to use federal Coastal Management funds to support administration of the program than other federal program funds or state funds that are used to currently support DNR staff in the Office of the Great Lakes.

31. In addition to concerns expressed by OCRM, at public hearings of the Joint Committee on Finance regarding AB 75, a number of advocacy groups voiced support for the current staff and the belief that the program should be retained at DOA.

32. The current Chair of the Coastal Management Council also expressed his support of maintaining the current program within DOA, stating that the current program represents no cost to the state and the state should not put the program at risk by not retaining the quality staff that currently works at DOA.

Division of Intergovernmental Relations

33. The intergovernmental relations functions of DOA have traditionally been attached

to larger agency functions, including the Division of Energy throughout the late 1980's through the early 2000's, at which time intergovernmental relations were administratively attached to the Division of Housing.

34. When the Division of Housing was transferred to the Department of Commerce as part of the 2003-05 biennial budget, the Department requested and was provided authority to retain the division administrator to form an independent Division of Intergovernmental Relations.

35. The Department indicates that since most of the Division of Intergovernmental Relations would be transferred from DOA under AB 75, that remaining programs, such as plat review, municipal boundary review, comprehensive planning and land information services, and federal-state relations, would be transferred to the Division of Administrative Services.

36. The bill would also delete the deputy division administrator, which is currently split funded between the federal coastal management funds (\$65,900 FED and 0.6 FED position annually) and the general fund (\$43,900 GPR and 0.4 GPR position annually).

37. Although the Governor's recommendation would transfer Division of Intergovernmental Relations duties to other agencies and DOA divisions, the current unclassified administrator position would not be transferred or deleted. Currently, the Division of Intergovernmental Relations administrator earns salary and fringe benefits of \$132,200 GPR annually.

38. Currently, the Division Administrator is funded under the GPR-supported general program operations of DOA. The bill would not reduce the number of authorized division administrators (currently 14 for DOA). The Committee may wish to consider deleting this position, and the related salary and fringe benefits.

ALTERNATIVES

A. Demographic Services

1. Approve the Governor's recommendation to delete 2.5 GPR positions in the demographic services center (transfer \$203,800 GPR from salary and fringe benefits to supplies and services related to these positions).

2. Delete the Governor's recommendation.

ALT A2	Change to Bill	
	Funding	Positions
GPR	\$0	2.50

B. Coastal Management

1. Approve the Governor's recommendation to delete 3.0 FED positions and transfer \$3,631,800 FED annually from DOA to the Department of Natural Resources as part of a transfer of Coastal Management functions to DNR.

2. Delete the Governor's recommendation.

ALT B2	Change to Bill	
	Funding	Positions
FED	\$0	3.00

C. Intergovernmental Relations

1. Modify the Governor's recommendation by deleting 1.0 unclassified division administrator position and \$132,200 GPR annually related to salary and fringe benefits of that position.

ALT C1	Change to Bill	
	Funding	Positions
GPR	-\$264,400	- 1.00

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