



Legislative Fiscal Bureau

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Joint Committee on Finance

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Vital Records Fees and Automation Project (DHS -- Public Health)

[LFB 2009-11 Budget Summary: Page 336, #5 (part) and Page 375, #4]

CURRENT LAW

The state vital records system registers and permanently maintains all records of birth, death, marriage and divorce in the state of Wisconsin. The system includes the state vital records office in the Department of Health Services (DHS), 74 local registrars, and business partners such as hospitals, funeral directors, and coroners. The state vital records office processes approximately 46,000 death records, 36,000 marriage records, 67,000 birth records, and 18,000 divorce records each year. The office also makes between 40,000 to 50,000 changes to vital records annually, in order to change incorrect or updated information.

Chapter 69 of the statutes establishes fees that the state registrar of vital records and local registrars charge for copies of vital records and services associated with the provision of those records. Fees are charged for certified and uncertified copies of certificates of birth, death, marriage and divorce, and certain services (including changing information on a birth certificate to reflect paternity, verification of an event without issuing a copy of a vital record, and expedited service).

Fees collected by the state registrar for issuing copies of vital records and for providing related services are currently used primarily to support the operations of the state's vital records office, although a portion of the fee the state registrar charges for issuing a birth certificate is transferred to the Child Abuse Neglect and Prevention Board (CANP Board).

In 2008-09, it is estimated that the state registrar will collect approximately \$6.4 million from fees for issuing copies of vital records and related services. In addition, local registrars will collect approximately \$6.6 million, of which approximately \$3.9 million will be transferred to the state to support the vital records program and the CANP Board.

GOVERNOR

Automation Project. Provide \$3,812,300 PR in 2009-10 and \$5,194,500 PR in 2010-11 to fund the costs of automating vital records, including master lease payments and other costs of automating vital records.

Vital Records Fees. Repeal the July 1, 2010, sunset date for increases in fees for vital records made in 2007 Wisconsin Act 20. Act 20 increased fees as follows: (a) from \$12 to \$20 for one certified or uncertified copy of a birth certificate; (b) from \$7 to \$20 for one certified or uncertified copy of a death, marriage or divorce certificate; and (c) from \$10 to \$20 for expedited services. However, under current law, the fees will decrease to their previous levels on July 1, 2010. The Act 20 fee increases were intended to fund costs of implementing the vital record automated system.

Act 20 required the state and local registrars to forward the full amount of the fee increase to the Secretary of the Department of Administration (DOA) for deposit in the DHS vital records program appropriation. The transfer equals \$8 for each certified or uncertified copy of a birth certificate, \$13 for each certified or uncertified copy of a death, marriage or divorce certificate, and \$10 for each fee charged for expedited service. The \$8 transfer for each copy of a birth certificate is in addition to the statutorily mandated \$7 transfer to the CANP Board. The sunset provision also applies to the transfer of the additional revenue to the vital records appropriation.

Increase estimates of vital records fee revenue by \$5,995,000 in 2010-11.

DISCUSSION POINTS

1. The vital records program requires extensive modernization in the way vital records are stored and transferred from local registrars. The current system tracks and maintains records on a combination of paper-based and several outdated electronic formats. The electronic systems are not compatible with each other or with systems used by local registrars or business partners, requiring all information be transferred to the state on paper. Many of the older paper records are not backed up at the state level, and require preservation in electronic format.

2. Vital records have been statutorily required to be filed with the state since 1907, many of which are kept in a paper-based system. Birth records from 1907 to 1947 are paper documents, many of which are hand-written and in a deteriorating condition, and a paper index is kept on these records. These records have not been saved on microfilm. Birth records from 1948 to 1993 have been stored on microfilm, and an electronic index is kept for these records. Birth records filed since 1994 are stored and indexed in an electronic format.

3. DHS indicates that implementing an automated system would allow coordination between the state registrar, local registrars, and business partners, as all parties would use a uniform system for vital records. Preserving and backing up older paper-based records would improve the security of these records. The system would also improve the speed with which the vital records

program could respond to requests for copies of vital records.

4. Federal legislation passed in previous years would require states to implement a system for interagency verification of vital records. The REAL ID Act of 2005 requires electronic verification of identity through a birth certificate when issuing a driver's license; the Intelligence Reform Act of 2004 requires the implementation of an electronic birth record database, with the capability to perform matching of birth and death records, as well as other security requirements. The status of these acts on the state and federal levels is currently unclear. Regardless of the status the REAL ID Act and the Intelligence Reform Act, the administration intends to move forward with the vital records automation for the reasons stated in the previous discussion points.

5. The Department has already signed a contract with a vendor to develop the online system, and a \$600,000 prepayment to the vendor has already been made. The vendor is contracted to implement the automated system in the following three phases: (1) birth records and accounting systems; (2) death records; and (3) marriage and divorce records. The development and implementation of this online system would take place over the next three years, with completion of the contract in 2010-11.

6. There are also ongoing support costs for the new system. These include the following: (a) costs for maintenance and support by the vendor over the life of the system; and (b) ongoing costs of hosting the system through the Division of Enterprise Technology in the Department of Administration (DOA).

7. To be able to conduct birth-death matches through the online system, the Department would need to convert all paper-based records to the electronic format. The costs for this process are separate from the costs to develop and implement the online system.

8. The Department plans to finance the implementation, hosting, and preservation costs through a seven-year master lease agreement with DOA. This agreement allows DHS to spread the cost of the project over a seven-year period, with an estimated interest rate. Three separate seven-year master leases would be negotiated, for costs incurred in 2009-10, 2010-11 and 2011-12. The total cost of this the master lease payments would equal \$28,928,400, including payments for interest, with the final payments being made in 2017-18 (for the master lease for 2010-11 costs).

9. The Department has also identified supplemental costs through 2010-11 that it expects would be needed for the implementation of the system. These include the following costs: (a) funding for additional staff; (b) an independent verification contractor; (c) a quality assurance contract; (d) user training and onsite support; (e) help desk support; (f) equipment and security upgrade; (g) user authentication management; and (h) software access licenses. These costs cannot be included in the seven-year master lease.

10. In an item unrelated to the automated system, Assembly Bill 75 would convert 8.30 FTE positions that are currently funded with GPR in the public health general program operations appropriation to PR funded positions in the appropriation for vital records. The bill would reduce

GPR funding by \$518,000 annually, and increase PR funding by the same amounts. These positions currently work in the vital records program, but are funded with GPR. The responsibilities of these positions will not change after the conversion to PR funding. These are the only positions in the vital records program that are currently funded with GPR.

11. The total cost of the master lease payments, the supplemental costs, the base operating budget and ongoing costs, and the conversion of GPR positions to PR would equal \$7,109,000 in 2009-10 and \$8,073,600 in 2010-11. This is approximately equal to the amount expected to be generated by the fees, if the sunset provision is repealed. In 2009-11 and subsequent biennia, annual fee revenue is projected to be sufficient to cover the master lease payment costs, the additional position salaries, and the base operating budget (supplemental costs will only be incurred over a three year period from 2008-09 to 2010-11). If the sunset provision is not repealed, the revenue generated by vital records fees would not be sufficient in future years to pay for the automated system.

12. Table 1 provides the fee levels, for each biennium since 1985-87, for the fees subject to the 2010 sunset provision. This shows fee levels at the end of each biennium, reflecting any changes made during those two fiscal years.

TABLE 1

Fees Charged for Copies of Vital Records and Expedited Service

<u>Biennium</u>	<u>Certified or Uncertified Copy of a Birth Certificate</u>	<u>Fees Charged Certified or Uncertified Copy of Other Vital Record</u>	<u>Expedited Service</u>
1985-87	\$7	\$5	
1987-89	8	5	
1989-91	8	5	
1991-93	10	7	
1993-95	10	7	
1995-97	12	7	
1997-99	12	7	
1999-01	12	7	
2001-03	12	7	\$10
2003-05	12	7	10
2005-07	12	7	10
2007-09	20	20	20

13. Table 2 provides a comparison of the current fees for copies of vital records in Wisconsin, the fees that would be charged after the sunset provision, and the fee levels for several other states.

TABLE 2

Comparison of State Vital Record Fees

	<u>Certified Copy of Birth Certificate</u>	<u>Additional Copy Issued at the Same Time</u>	<u>Copy of Death Certificate</u>	<u>Additional Copy Issued at the Same Time</u>
Illinois	\$15.00	\$2.00	\$17.00	\$2.00
Indiana	10.00	4.00	8.00	4.00
Iowa	15.00	15.00	15.00	15.00
Michigan	26.00	12.00	26.00	12.00
Minnesota	16.00	16.00	13.00	13.00
Ohio	16.50	16.50	16.50	16.50
Wisconsin, Current	20.00	3.00	20.00	3.00
Wisconsin, With Sunset	10.00	3.00	12.00	3.00

14. It is currently estimated that, under the bill, the net change to revenue would be \$843,200 less than the administration's original budget estimates in 2010-11.

15. While the Legislature approved the fee increases in the 2007-09 biennial budget, it did not approve additional expenditure authority for the vital records automation system and other items. DHS would have been able to request additional expenditure authority under s. 16.515, but did not do so. The additional fees collected over the 2007-09 biennium have been deposited in the vital records appropriation, and any fees that have not been spent are held as an unexpended revenue balance. This balance is carried forward at the end of each fiscal year. The total unexpended revenue in the vital records appropriation equaled \$5,962,200 at the end of 2007-08, and it is estimated that, after transfers within the appropriation and required lapses, the surplus will equal \$7,181,500 at the end of 2008-09.

16. The vital records appropriation will carry a surplus over the course of the 2009-11 biennium, due to unexpended revenue that has accumulated in the current biennium. The program is budgeted as part of a larger DHS appropriation for licensing, review and certification activities. DHS has developed a preliminary plan for the use of this unexpended revenue. Some of the proposed uses would require separate legislation; some may be conducted by transferring money within the appropriation for licensing, review and certification activities, and would not require legislative approval. The Department proposes to use the revenue surplus in the following ways.

a. Address deficits in the appropriations for the lead abatement program, sanitarians that inspect certain facilities, and the asbestos abatement program. Fees charged to support these programs were not adequate to cover inspection or certification costs, and DHS plans to use part of the vital records surplus to cover these deficits. All of these programs fall under the appropriation for licensing, review and certification activities.

b. Provide an information technology (IT) contingency fund for unforeseen costs in the development and implementation of the automated system. This contingency reserve is based on recommendations from the Bureau of Information and Technology Services in DHS as good practice for the implementation of large-scale IT systems.

c. Provide matching funds for a health information technology (HIT) loan program in the federal American Recovery and Reinvestment Act of 2009 (ARRA). This program would provide up to \$11 million in loans for health care providers to implement electronic medical records, but requires a state match of one dollar to every five federal dollars. This expenditure authority would require legislation outside of the budget bill.

d. Provide additional support to the eHealth program to fund additional costs related to the administration of ARRA funds that the state receives for HIT initiatives.

e. Provide support in the development of the state's 10-year public health plan ("Wisconsin State Health Plan: Healthiest Wisconsin 2020"). Statute requires DHS to develop a public health agenda at least once every 10 years.

f. Support a position in the cancer registry program, which currently collects information on individuals diagnosed with cancer. Another provision in the bill would allow certain researchers to access information on cancer the Department currently collects from hospitals.

g. Make prepayments on the master lease agreement to pay for the vital records automated system.

These items would use the entire vital records appropriation surplus by the end of the 2009-11 biennium.

17. It could be argued that fees generated by the vital records program should be only be used to fund costs of that program. Consequently, the Committee could decide that the unexpended revenue balance should not be used for the purposes described in the previous discussion point, and that the vital records fee revenues should be used to support the vital records fee program, including the automation project. In this case, the vital records fees could be reduced, effective July 1, 2010.

For example, the fee for certified or uncertified copies of vital records could be reduced from \$20 to \$18. This does not consider the additional \$2 increase for copies of birth certificates proposed by the Governor, and described in a separate paper. Under this option, the program would still maintain a positive balance throughout the time period for payment of the master lease, but the Department would need to expend the current surplus to support the costs of the vital records program. However, DHS would be unable to expend the revenues to fund other projects. (Alternative 2).

ALTERNATIVES

1. Approve the Governor's recommendations relating to the vital records fee increases

and funding for the vital records automation project. In addition, reduce estimates of revenue DHS would collect from vital records fees by \$843,200 in 2010-11.

ALT 1	Change to Bill	
	Revenue	
PR	- \$843,200	

2. Modify the bill by reducing fees for certified and uncertified copies of vital records, effective July 1, 2010, from \$20 to \$18. Reduce projected revenue by \$1,943,500 in 2010-11. Under this alternative, revenues collected from the fees (including surplus revenues) would be needed to fund the automation project.

ALT 2	Change to Bill	
	Revenue	
PR	- \$1,943,500	

3. Maintain current law. Delete provisions in the bill that would repeal the current sunset date for vital records fees (-\$5,995,000 PR-REV in 2010-11). In addition, delete funding for the vital records automation project (-\$3,812,300 PR in 2009-10 and -\$5,194,500 PR in 2010-11).

ALT 3	Change to Bill	
	Revenue	Funding
PR	- \$5,995,000	- \$9,006,800

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