



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #610

DOA Authority to Allocate Federal Stimulus Moneys to State Agencies (Program Supplements)

[LFB 2009-11 Budget Summary: Page 509, #1]

CURRENT LAW

Under the provisions of 2009 Act 2, the Governor is required to submit a plan or plans for the expenditure of federal economic stimulus funds to the Joint Committee on Finance. After receiving the plan or plans, the Co-chairs of the Committee are required to convene a meeting of the Committee within 14 days to either approve, or modify and approve, the plan. In this case, the Governor would be required to implement the plan as approved by the Committee. Revisions to a plan are required to be submitted for Committee approval as well. These provisions do not apply to federal stimulus funds if the expenditure of such funds is contained in any bill introduced in either house of the Legislature at the request of the Governor.

GOVERNOR

Provide \$650 million FED in 2009-10 in a new federal appropriation under Program Supplements, although the appropriation would allow the expenditure of all moneys received. Authorize the Secretary of Administration to supplement any program revenue service (PR-S) appropriation that is used for state agency programs and operations from federal economic stimulus funds credited to this new appropriation. Create separate PR-S appropriations under 38 state agencies that specifically reference the new federal appropriation under program supplements.

DISCUSSION POINTS

1. In 2009 Act 2, the Legislature established a mechanism to allow legislative oversight over federal stimulus funds. Prior to Act 2, the Legislature had delegated authority over the receipt of federal funds to the Governor. The AB 75 provision under Program Supplements would return

authority over the receipt of federal funds to the Secretary of DOA.

2. The AB 75 provisions would provide a workable approach to allocating federal stimulus funding to state agencies. However, by providing this authority to the Secretary of DOA, AB 75 would eliminate the oversight role over these moneys of the Joint Committee on Finance, which was established in 2009 Act 2.

3. In previous actions by the Committee, funding that had been included in the \$650 million under Program Supplements has been transferred to existing agency appropriations. A total of \$162,736,900 has been transferred from the \$650 million. In addition, the \$650 million includes \$50 million of government services stabilization moneys that would be allocated under AB 75 for municipal and county aid.

4. DOA has compiled a worksheet that shows where additional amounts of the \$650 million could be allocated to specific agencies. The attachment shows these funding amounts by agency. The Committee could allocate these additional amounts to existing state agency appropriations, and then eliminate the appropriation under Program Supplements and the related PR-S appropriations created under other agencies. Under this approach, the Act 2 provision could be modified so that it would apply to any other federal stimulus moneys received by the state. In this way, the Committee could review the proposed use of any moneys not appropriated in the budget act.

5. Because DOA had to establish the \$650 million amount under Program Supplements in early February, limited information was available on a number of the federal programs. A significant amount of federal moneys relating to housing and other program areas may flow directly to non-state entities, without having to be appropriated by the state. As a result, while the specific appropriations under the attachment would not fully allocate \$650 million, only a limited amount of federal moneys would still be subject to approval under Act 2.

ALTERNATIVES

1. Approve the Governor's recommendation, which would provide \$650,000,000 FED in 2009-10 for allocation by the Secretary of Administration to separate PR-S appropriations that would be created under 38 agencies.

2. Delete provision and, instead, provide \$263,997,400 FED in 2009-10 as shown in the attachment. Modify the Joint Finance Committee oversight provision established in 2009 Act 2 so that it would apply to any federal stimulus moneys not appropriated in the budget act. After consideration of the \$162,736,900 FED already deleted from Program Supplements in previous Committee actions, this alternative would delete \$487,263,100 FED in 2009-10 under Program Supplements.

ALT 2	Change to Bill Funding
FED	- \$223,265,700

3. Delete provision.

ALT 3	Change to Bill
	Funding
FED	- \$487,263,100

Prepared by: Dave Loppnow
Attachment

ATTACHMENT

Federal Stimulus Funding to be Allocated to State Agencies

<u>Agency</u>	<u>Appropriation</u>	<u>Purpose</u>	<u>Amount</u>
Public Instruction	20.255(2)(m)	Education technology	\$9,170,000
Health Services	20.435(1)(m)	Emergency food	2,022,400
	20.435(1)(m)	Health Homes Demonstration Grant Program	874,400
	20.435(7)(na)	Elderly Nutrition	1,782,400
	20.435(7)(na)	Community services employment for Older Americans	608,000
	20.435(7)(kz)	Services for older blind individuals	667,200
Children and Families	20.437(1)(md)	Community service block grant	12,167,000
Administration	20.505(1)(h)	Weatherization	141,502,200
	20.505(1)(mb)	State energy program	55,500,000
Workforce Development	20.445(1n)	UI state administrative grants	555,300
	20.445(1m)	Employment services	5,840,000
	20.445(1m)	Workforce investment act--adult	4,265,300
	20.445(1m)	Workforce investment act--youth	11,372,000
	20.445(1m)	Workforce investment act--dislocated workers	13,059,700
	20.445(5n)	Vocational rehabilitation	<u>4,611,500</u>
		Total	\$263,997,400