



Legislative Fiscal Bureau

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2017

Joint Committee on Finance

Paper #541

Position and Expenditure Reductions (Revenue -- Departmentwide)

[LFB 2017-19 Budget Summary: Page 382, #4]

CURRENT LAW

Base funding of \$64,993,400 and 699.58 positions are provided to the Department of Revenue's (DOR's) collection of taxes -- general program operations GPR appropriation. Base funding of \$30,427,400 and 176.20 positions are provided to DOR's administrative services and space rental -- general program operations GPR appropriation.

GOVERNOR

Delete 3.75 positions and associated funding of \$601,600 annually (\$355,700 salary and \$245,900 fringe) from DOR's collection of taxes -- general program operations GPR appropriation. Delete 5.50 positions and associated funding of \$465,800 annually (\$275,400 salary and \$190,400 fringe) from DOR's administrative services and space rental -- general program operations GPR appropriation. According to the administration, the positions that would be deleted are vacant information technology positions. In addition, the Governor recommends deleting expenditure authority of \$1,405,800 annually from 12 of DOR's PR appropriations to more accurately reflect its current level of expenditures.

MODIFICATION

Adopt the Governor's recommendation with a modification to increase funding for fringe benefits in DOR's collection of taxes -- general program operations GPR appropriation by \$100,500 annually. Increase funding for fringe benefits in DOR's administrative services and space rental -- general program operations GPR appropriation by \$77,800 annually.

Explanation: On March 31, 2017, the Department of Administration (DOA) submitted a letter requesting a number of modifications to the Governor's budget bill. Under this

modification, DOA requests an increase in GPR expenditure authority associated with the budget provision recommended by the Governor to reduce DOR's position and expenditure authority. According to DOA, it used the wrong fringe rate when calculating the amount of fringe reduced along with the requested position and salary reductions. Under the budget bill, the reduction in fringe would have been 69.1% of the salary reduction. The modification requested by DOA would reflect a reduction in fringe equal to 40.9% of salary. Under DOA's technical budget instructions for agencies, DOR's fringe benefit rate is 40.87% under the 2017-19 budget bill. The modification would reflect use of the correct fringe benefit rate for reducing the salaries and positions recommended for deletion by the Governor.

	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	- \$1,778,200	- 9.25	\$356,600	0.00
PR	<u>- 2,811,600</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Total	- \$4,589,800	- 9.25	\$356,600	0.00

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