



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 18, 2023

Joint Committee on Finance

Paper #196

Dog Facility, Rabies Control, and Humane Officer Program Staffing (Agriculture, Trade and Consumer Protection – Regulatory Programs)

[LFB 2023-25 Budget Summary: Page 70, #3]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) is required by statute to: (a) regulate and license animal shelters and control facilities, and dog breeders and sellers; (b) assist local governments in administering dog licensing and rabies control laws; and (c) train and certify humane officers. These activities are supported by a program revenue (PR) continuing appropriation, authorized to expend all monies received for the purposes of operating the program. The dog licenses, rabies control, and related services appropriation receives revenues from: (a) fees imposed on dog sellers, shelters, and animal control facilities (\$226,800 in 2021-22); (b) a portion of dog license fees paid by owners to local units of government (\$66,300); (c) training and certification fees associated with its humane officer training and certification program (\$3,100); and (d) training fees associated with rabies control programs (\$7,800).

The dog licenses, rabies control, and related services appropriation had an unsupported overdraft of \$70,200 as of June 30, 2022. The appropriation has carried an unsupported overdraft since 2018-19. 2021 Wisconsin Act 58 required DATCP to transfer \$450,000 in 2021-22 from its Veterinary Examining Board PR appropriation to the dog licenses PR appropriation to offset the June 30, 2021 appropriation overdraft. In 2021-22, expenditures totaled \$409,800 and revenues totaled \$752,600, including the one-time revenue transfer, decreasing the overdraft by \$342,800 in 2022.

DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would transfer 1.0 position and \$160,400 annually from the Division of Animal Health dog licenses, rabies control, and related services PR appropriation to

the Division of Animal Health general program operations GPR appropriation. Funding to be transferred would include \$142,900 in salary and fringe benefits and \$17,500 for supplies and services each year.

2. The dog licenses, rabies control, and related services PR appropriation currently supports 4.0 positions, including three companion animal inspectors and one animal welfare programs manager. The bill would transfer the highest paid position, the animal welfare programs manager, from the PR appropriation to the animal health general program operations GPR appropriation to reduce financial strain on the PR appropriation.

3. Section 173.41 of the statutes allows DATCP to promulgate rules specifying higher fee amounts for dog sellers, animal shelters, and animal control facilities if necessary to cover the costs of regulating those entities. In June, 2022, DATCP promulgated Clearinghouse Rule 21-061, amending Chapter ATCP 16 of the administrative code and approving several fee increases for in-state and out-of-state licensed sellers and dog facilities whose revenue is used to support program expenditures. The table 1 shows fee increases for various entities. The increases include a 100% license fee increase for shelter/control facilities, a 120% license fee increase for all other entities, and a 167% reinspection fee increase. The fee increases impact approximately 500 licensees who are licensed annually to sell at least 25 dogs per year or who are licensed to operate animal shelters.

TABLE 1

Dog Seller, Shelter and Control Facility Licensing Fees

	<u>Fees Before Rule Change</u>	<u>Current Fee</u>	<u>Percent Change</u>
In-State Dog Seller Licenses			
25-49 Dogs	\$250	\$550	120%
50-99 Dogs	500	1,100	120
100-249 Dogs	750	1,650	120
250+ Dogs	1,000	2,200	120
Shelter/Control Facility Inspection	125	250	100
Out-of-State Dog Seller Licenses			
25-49 Dogs	\$375	\$825	120%
50-99 Dogs	750	1,650	120
100-249 Dogs	1,125	2,475	120
250+ Dogs	1,500	3,300	120
Shelter/Control Facility Inspection	188	375	100
Reinspection	\$150	\$400	167%

4. Based on fiscal year 2023 data as of May, 2023, DATCP anticipates that revenues in upcoming years will total approximately \$500,000 annually, and additional revenue collected is intended to gradually eliminate the remaining unsupported draft amount over the next several years. Table 2 shows the appropriation condition from 2018-19 through June 30, 2023.

TABLE 2

Dog Regulation Appropriation Condition

	<u>Actual</u> 2018-19	<u>Actual</u> 2019-20	<u>Actual</u> 2020-21	<u>Actual</u> 2021-22	Budgeted (First Year of New Rule) <u>2022-23</u>
Opening Balance	\$13,400	-\$185,400	-\$249,700	-\$413,000	-\$70,200
Revenues	256,900	270,200	294,300	752,600	513,000
Expenditures	<u>-455,700</u>	<u>-334,500</u>	<u>-457,600</u>	<u>-409,800</u>	<u>-471,900</u>
Closing Balance	-\$185,400	-\$249,700	-\$413,000	-\$70,200	-\$29,100

5. Table 3 shows the appropriation condition under AB 43/SB 70 as introduced. DATCP anticipates that the overdraft would be resolved by June 30, 2024, if the position were transferred. Given the potential to eliminate the overdraft, the Committee could approve the position transfer, allocating \$160,400 GPR annually for the position. Position duties would not change as a result of the transfer [Alternative 1].

TABLE 3

Dog Regulation Appropriation -- AB 43/SB 70

	<u>Bill</u> <u>2023-24</u>	<u>Bill</u> <u>2024-25</u>
Opening Balance	-\$29,100	\$133,700
Revenues	507,000	507,000
Expenditures	<u>-344,200</u>	<u>-343,800</u>
Closing Balance	\$133,700	\$296,900

6. Table 4 shows the condition of the appropriation under current law and Committee action on AB 43/SB 70 to date. It is estimated under current law that the overdraft could be resolved by June 30, 2025, if revenues meet current expectations and DATCP reduces budgeted expenditures. However, although revenues and expenditures under current law would be approximately in balance, future adjustments to the state compensation plan and standard budget adjustments could cause expenditures to exceed ongoing revenues. Decreases in revenues would also have the same effect.

TABLE 4

Dog Regulation Appropriation -- Joint Finance Action to Date

	JFC to Date <u>2023-24</u>	JFC to Date <u>2024-25</u>
Opening Balance	-\$29,100	-\$26,700
Revenues	507,000	507,000
Expenditures	<u>-504,600</u>	<u>-504,600</u>
Closing Balance	-\$26,700	-\$24,300

7. As directed by 2021 Act 58, \$450,000 was transferred in 2021-22 from the Veterinary Examining Board PR appropriation to the dog licenses, rabies control, and related services appropriation to help resolve the overdraft. The Veterinary Examining Board appropriation is estimated to collect approximately \$1.2 million in revenue in the 2023-25 biennium and expend approximately \$800,000. The appropriation could reasonably support a one-time transfer to the dog licenses appropriation. The Committee could consider directing a one-time transfer from the Veterinary Examining Board appropriation to the dog licenses, rabies control, and related services appropriation in 2023-24, instead of providing GPR funding for the humane officer position. The Committee could choose to direct a transfer of \$50,000, \$100,000, or \$200,000 PR in 2023-24 [Alternatives 2a, 2b, or 2c].

8. The Committee could also consider reducing supplies and services funding associated with the dog licenses, rabies control, and related services appropriation. Currently, base funding for supplies and services is approximately \$127,000 annually. It could be considered appropriate to reduce supplies and services funding by \$40,000 annually to further reduce the overdraft, as supplies and services expenditures have been below budgeted amounts in recent years. Anticipated revenues due to increased licensing fees would outweigh anticipated expenditures by a greater margin in future biennia, reducing the overdraft without transferring any positions [Alternative 3].

9. Due to fee changes, the Committee could take no action and rely on the fee increases and DATCP management of program expenditures to eliminate the unsupported overdraft within the next several years [Alternative 4].

ALTERNATIVES

1. Approve the transfer of 1.0 position from the dog licenses, rabies control, and related services PR appropriation to general program operations GPR appropriation within the Division of Animal Health Services.

ALT 1	Change to Base	
	Funding	Positions
GPR	\$320,800	1.00
PR	<u>320,800</u>	<u>-1.00</u>
Total	\$0	0.00

2. Direct a transfer in 2023-24 from the Department's Veterinary Examining Board PR appropriation to the dog licensing, rabies control, and related services appropriation in the amount of:

a. \$200,000 PR;

ALT 2a	Change to Base
PR-Transfer	\$200,000

b. \$100,000 PR; or

ALT 2b	Change to Base
PR-Transfer	\$100,000

c. \$50,000 PR.

ALT 2c	Change to Base
PR-Transfer	\$50,000

3. Reduce supplies and services funding by \$40,000 annually. Base funding for the appropriation would be \$464,600 in 2023-24 and \$464,200 in 2024-25.

ALT 3	Change to Base
PR	-\$80,000

4. Take no action.

Prepared by: Margo Poelstra