State of Wisconsin

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: June 15, 2016

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received June 15, 2016, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Office of the Secretary of State.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Wednesday, July 6, 2016,** if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN:jm

WISCONSIN DEPARTMENT OF
ADMINISTRATION

SCOTT WALKER
GOVERNOR
SCOTT A. NEITZEL
SECRETARY
Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
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Date: June 15, 2016

JUN 15 2016
Jt. Finance

To: The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance

The Honorable John Nygren, Co-Chair
Joint Committee on Finance

From: Scott A. Neitzel, Secretary
Department of Administration

Subject: s. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

		2015-16		2016-17	
AGENCY	DESCRIPTION	AMOUNT	FTE	AMOUNT	FTE
SoS 20.575(1)(g)	Program fees	$25,500*		$5,700*	

* One-time expenditure authority

As provided in s. 16.515, the request(s) will be approved on July 7, 2016, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

CORRESPONDENCE/Memorandum State of Wisconsin
Department of Administration

Date: June 9, 2016

To: Michael Heifetz

From: Cory Stinebrink, Executive Budget and Policy Analyst

Subject: Section 16.515 Request

Attached is a s. 16.515 request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

AGENCY	DESCRIPTION	2015-16 AMOUNT	2015-16 FTE	2016-17 AMOUNT	2016-17 FTE
SOS 20.575(1)(g)	Program fees	$25,500*		$5,700*	

* One-time expenditure authority.

AGENCY REQUEST:

AGENCY	DESCRIPTION	2015-16 AMOUNT	2015-16 FTE	2016-17 AMOUNT	2016-17 FTE
SOS 20.575(1)(g)	Program fees	$25,500*		$5,700*	

* One-time expenditure authority.

MH APPROVAL 06-09-16 MH (FORWARD TO KIRSTEN GRINDE)

WISCONSIN DEPARTMENT OF
ADMINISTRATION

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Date: June 9, 2016

To: Scott A. Neitzel, Secretary
Department of Administration

From: Cory Stinebrink
Executive Budget and Policy Analyst

Subject: Request Under s. 16.515 from the Office of the Secretary of State for spending authority for unanticipated costs.

Request:

The Office of the Secretary of State requests additional expenditure authority of $25,500 PR in fiscal year 2015-16 and $5,700 PR in fiscal year 2016-17 in its program fees appropriation under s. 20.575(1)(g).

Revenue Sources for Appropriation(s):

The annual program revenue appropriation, which funds the office's operations under s. 20.575(1)(g), is funded from fees for the issuance of apostilles and authentications and an annual transfer of revenue from the Department of Financial Institutions' appropriation under s. 20.144(1)(g).

Background:

In 2015 Wisconsin Act 55, the 2015-17 Biennial Budget, the Office of the Secretary of State had its staffing reduced from 4.0 FTE PR positions to 2.0 FTE PR positions and its expenditure authority decreased by $143,100 PR annually, related to the position reduction. The office was also relocated from privately-owned rental space to the State Capitol. Expenditure authority related to the office's rent was reduced by $78,900 PR annually. As a result of the changes, total annual expenditure authority in the appropriation under s. 20.575(1)(g) for fiscal years 2015-16 and 2016-17 is $265,000 PR.

Analysis:

The effective date of Act 55 was after the start of the first pay period of fiscal year 2015-16, which resulted in salary expenses related to the incumbents in the 2.0 FTE positions that were to be deleted as of the effective date of Act 55. In addition, a required one-time lump sum payout for accrued leave time was paid to incumbents

in the two deleted positions. The total unbudgeted compensation paid to the incumbents in deleted positions was $15,400. A Discretionary Equity or Retention Adjustment was paid to the remaining classified full-time employee, which increased the office's costs by $3,500 in fiscal year 2015-16 and $5,700 in fiscal year 2016-17.

Total salary expenditures will exceed Act 55 budget authority by $18,900 in fiscal year 2015-16 and $5,700 in fiscal year 2016-17. The office anticipates any increased fringe benefits costs associated with the increased salary costs will be supplemented through the standard fringe benefit supplement process.

Further, Act 55 assumed that the relocation of the office into the state capitol building would be completed by the beginning of fiscal year 2015-16. However, the move was not completed prior to the start of the fiscal year, resulting in a one-time rental charge of $6,571.59.

In summary, the unbudgeted costs include:

Category	**FY16**	**FY17**
Eliminated Positions One-Time Costs	$15,400	
Discretionary Equity or Retention Adjustment	$3,500	$5,700
One-Time Rent Cost	$6,600	
Total Unbudgeted Cost	$25,500	$5,700

The Office of the Secretary of State has adequate cash to cover the increased expenditure authority. The increased expenditure authority is necessary to cover the unanticipated and unbudgeted costs in fiscal year 2015-16 and would be sufficient to fully fund the office through the end of the biennium.

Recommendation:

Approve the request.

DOUGLAS LA FOLLETTE

SECRETARY OF STATE
WISCONSIN

Date: June 8, 2016

To: Michael Heifitz, State Budget Director
Division of Executive Budget and Finance

From: Doug La Follette
Secretary of State

Subject: Budget Authority Increase Under s.16.515

REQUEST

The Secretary of State requests an increase of $25,500 PR expenditure authority in the Secretary of State's program fees appropriation under s. 20.575(1)(g) in fiscal year 2015-16 and $5,700 in fiscal year 2016-17. The request is necessary to provide for unanticipated supplies and services and salary expenses in 2015-16 and increased salary expenses in 2016-17.

BACKGROUND

2015 Wisconsin Act 55, the 2015-17 biennial budget act, reduced funding by $143,100 and deleted 2.0 FTE annually in the Secretary of State's program fees appropriation under s. 20.575(1)(g). The effective date of Act 55 occurred after the start of the first pay period of fiscal year 2015-16 and compensation and a one-time, lump sum payout for accrued leave time was paid to the incumbents in the two deleted positions. The total amount of compensation paid to the incumbents in deleted positions was $15,394.08. In addition, a Discretionary Equity or Retention Adjustment (DERA) salary increase was approved in 2015-16 in order to retain the remaining classified full-time employee. The amount of the increase provided by the DERA for fiscal year 2015-16 is $3,481.60 and the amount for fiscal year 2016-17 is $5,657.60. It is therefore projected that 2015-16 permanent position salaries expenditures will exceed expenditure authority by $18,875.68 and $5,657.50, respectively, in fiscal years 2015-16 and 2016-17.

Please note that 2015-16 and 2016-17 estimated expenditure shortfalls do not include amounts that may be required to cover increased fringe benefits costs associated with the projected salary shortfalls. The Secretary of State anticipates fringe benefits will be supplemented through the standard fringe supplement process.

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2015 Wisconsin Act 55 also reduced funding for supplies and services by $78,900, annually, to reflect cost savings associated with the relocation of the Office of the Secretary of State to the State Capitol building. The move of the Office of the Secretary of State was not completed prior to the start of 2015-16 and, therefore, resulted in a one-time rental charge of $6,571.59 for which no expenditure authority was provided.

JUSTIFICATION

The Secretary of State is requesting an increase in expenditure authority in an amount for 2015-16 that would be necessary to provide for the actual, unanticipated and unbudgeted salary expenses paid to incumbents in positions deleted by Act 55; for a DERA to a classified employee required for retention purposes; and for rent expenses incurred prior to the move of the Office of the Secretary of State to the state capitol; and an amount in 2016-17 that would provide for the DERA required for retention purposes. The amounts required in 2015-16 and 2016-17 are $25,500 and $5,700, respectively.

At this time, it is projected that there will be sufficient program revenue from agency collections, the statutorily required transfer from the Department of Financial Institutions under §20.144(1)(g), Wis. Stats., and existing cash balances to provide for the increased expenditure authority and statutorily directed lapses.

SUMMARY

The Secretary of State requests an increase of $25,500 PR in fiscal year 2015-16 and $5,700 in fiscal year 2016-17 the Secretary of State's program fees appropriation under s. 20.575(1)(g), Stats., to provide for unanticipated supplies and services and salary expenses in 2015-16 and increased salary expenses in 2016-17.

Thank you for your consideration of this request. Should you have any questions or require additional information, please contact Colleen Holtan at 266-1359.

cc: Colleen Holtan, DOA, Director of the Bureau of Financial Management

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