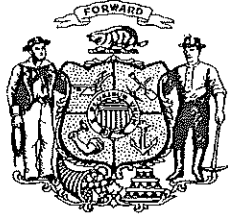


State of Wisconsin

SENATE CHAIR
Howard Marklein

316 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-0703



ASSEMBLY CHAIR
Mark Born

308 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8953
Phone: (608) 266-2540

Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: April 24, 2024

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

Attached is a copy of a request from the Department of Administration, received April 24, 2024, 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 Marklein** or **Representative Born** no later than **Monday, May 13, 2024**, 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

HM:MB:jm




STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary

Date: April 24, 2024

To: The Honorable Howard Marklein, Co-Chair
Joint Committee on Finance

The Honorable Mark Born, Co-Chair
Joint Committee on Finance

From: Kathy K. Blumenfeld, Secretary ^{DS} 
Department of Administration

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

APR 24 2024
St. Finance

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:

AGENCY	DESCRIPTION	2023-24		2024-25	
		AMOUNT	FTE	AMOUNT	FTE
SoS 20.575(1)(g)	Program fees	\$32,700*	1.0	\$127,700*	1.0

*\$24,900 in FY24 and \$123,700 in FY25 is ongoing.

As provided in s. 16.515, the request(s) will be approved on May 15, 2024, 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 (608) 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary
Brian Pahnke, Administrator

Date: April 19, 2024

To: Kathy Blumenfeld, Secretary
Department of Administration

From: Jennifer Kraus
Executive Policy and Budget Manager

Subject: Request under s. 16.515/505(2) from the Office of the Secretary of State for increased expenditure and position authority to cover operational expenses.

Request:

The Office of the Secretary of State requests additional expenditure and position authority of \$32,700 PR in fiscal year 2023-24, \$127,700 PR in fiscal year 2024-25, and a 1.0 FTE PR position beginning in fiscal year 2023-24 in the program fees appropriation under s. 20.575(1)(g). Of these amounts, \$24,900 in fiscal year 2023-24 and \$123,700 in fiscal year 2024-25 would be ongoing.

Revenue Source for Appropriation:

The program revenue appropriation for program fees under s. 20.575(1)(g) is funded from fees charged for various services provided by the Secretary of State's office as well as from revenue transferred annually from the Department of Financial Institutions per the statutes under s. 20.144(1)(g). These funds support all of the operations of the office.

Background:

While the Office of the Secretary of State was significantly downsized in 2015 Wisconsin Act 55 and certain functions were transferred to other agencies, the Secretary of State continues to have duties and functions under the Wisconsin Constitution and under Wisconsin Statutes. The office is constitutionally required to keep a record of all official acts of the legislative and executive branches of Wisconsin's government and to affix the Great Seal of the State of Wisconsin to official acts of the Governor. Wisconsin Statutes require the office to process authentications and apostilles; file oaths of office, bonds and deeds for state lands; preserve the original copies of law; and technically to file incorporation papers and other documents for cities and villages, although this last function is performed by the Department of Administration.

The office has requested additional resources, both position and expenditure authority, in each of the budgets since 2015 Wisconsin Act 55 as it has struggled to adequately conduct its statutory and constitutional duties. The office has 2.0 FTE PR permanent positions, including the Secretary of State and a records/forms management specialist position, limited term employment (LTE) support of \$35,000 PR, and supplies and services funding of \$40,900 PR annually.

Kathy Blumenfeld, Secretary
Page 2
April 19, 2024

Analysis:

As described in the request, the volume of work exceeds the ongoing resources of the office, which has resulted in backlogs and increased processing times for authentications and apostilles. Recently, American Rescue Plan Act funds were used to provide temporary additional support services that allowed the office to eliminate the backlog and to improve overall processing times. In order to sustain these improvements once the federal funds are fully utilized, the office is requesting increased authority for one additional permanent position (records/forms management specialist), LTE costs, and increased supplies and services (a portion of which is one-time in nature). The personnel costs are prorated for two months of expenditures in fiscal 2023-24.

One of the primary duties of the office is to process authentications and apostilles for Wisconsin residents and businesses, which are needed for a variety of transactions including conducting business overseas and getting married or adopting a child in a foreign country. In fiscal year 2019-20, the office processed 11,858 documents. By fiscal year 2022-23, the number of authentication and apostilles processed had increased by 26 percent to 14,969 documents. There has also been an increase in the number of requests for expedited service from 4,072 in fiscal year 2019-20 to 5,906 in fiscal year 2022-23. Prior to March 2023, the average processing time was as long as a month or more and over a week for expedited service. Currently, with the additional federal funds, standard apostille processing takes an average of seven days and expedited orders are generally processed the same day.

The office is requesting increased expenditure authority for its supplies and services budget for three primary purposes. First, the Great Seal has raised dies that are wearing out and need to be replaced as the seal's impression is fading. The office does own a backup seal, but that one also requires repairs and is not currently functioning.

Second, the office is facing increased charges for an unanticipated managed transport services fee from the Department of Administration's Division of Enterprise Technology. When the division began migrating to a new statewide fiber network and BadgerNet contract which provides Wide Area Network, internet transport, and video application services to state government entities, it was discovered that all agencies in the Capitol had not been historically charged a fee for their use of managed transport services. Therefore, in order to rectify this billing inconsistency, the division began the process to inform and bill all relevant customers, back-dating charges to December of fiscal year 2023-24.

Third, the office is required under statute to keep a record of the official acts of the Legislature and the executive department of the State and is required to have custody of books, records, deeds, bonds, parchments, maps, papers, and other articles and effects belonging to the State. These documents are also required to be open to inspection by the Governor and legislative committees. The office is requesting an increase in its supplies budget in order to effectively administer this record custodial management requirement.

The amount requested for each component is listed in the following table.

Kathy Blumenfeld, Secretary
Page 3
April 19, 2024

Table 1: Requested Expenditures by Allotment Line

Allotment Line	FY24	FY25
Permanent Salary	\$ 6,500	\$ 42,100
LTE	11,500	49,000
Fringe Benefits	3,400	19,900
Supplies (One-time)		
One-time Costs for Personnel	7,800	-
Seal Press and Die	-	4,000
Supplies (Ongoing)		
Costs for Personnel	700	7,300
Document Storage	200	1,000
Managed Transport Services	2,600	4,400
Total	\$32,700	\$127,700
Total Ongoing	\$24,900	\$123,700

The increased expenditures would be supported by existing program revenue funds. In fiscal year 2022-23, \$270,039 in program revenue fees were collected plus the statutory \$150,000 transfer from the Department of Financial Institutions for total revenues of \$420,039. Expenditures in that fiscal year totaled \$277,803 and therefore, \$139,370 lapsed to the general fund. The office anticipates that revenues in the next two years will be similar and adequate to cover the increased costs.

Recommendation:

Approve the request.

CORRESPONDENCE/MemorandumState of Wisconsin
Department of Administration

Date: April 19, 2024
To: Brian Pahnke
From: Jennifer Kraus
Subject: Section 16.515/16.505(2) Request

Attached is a s. 16.515/505(2) request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2023-24</u>		<u>2024-25</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
SoS 20.575(1)(g)	Program fees	\$32,700*	1.0	\$127,700*	1.0

*\$24,900 in FY24 and \$123,700 in FY25 is ongoing.

AGENCY REQUEST:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2023-24</u>		<u>2024-25</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
SoS 20.575(1)(g)	Program fees	\$32,700*	1.0	\$127,700*	1.0

*\$24,900 in FY24 and \$123,700 in FY25 is ongoing.


BP APPROVAL



**SECRETARY OF STATE
WISCONSIN**

Date: April 11, 2024

To: Brian Pahnke, State Budget Director
Division of Executive Budget and Finance

From: Hon. Sarah Godlewski ^{DS}
Secretary of State

Subject: Request for Expenditure and Position Authority Increase Under s. 16.505/16.515

REQUEST

The Office of the Secretary of State (SoS or Office) requests an increase of \$32,700 program revenue (PR) expenditure authority for fiscal year (FY) 2023-24 (\$7,800 in one-time and \$24,900 in ongoing), and \$127,700 PR expenditure authority (\$4,000 in one-time and \$123,700 in ongoing) in FY 2024-25, under §20.575(1)(g), Wis. Stats., *program fees*, appropriation numeric 130, and the creation of 1.0 PR FTE authorized Records/Forms Management Specialist permanent position beginning in FY 2023-24.

The requested increase in expenditure authority would provide for salary, fringe, and supplies and services expenditures for the requested 1.0 PR FTE position; increased Limited Term Employment (LTE) support; and one-time and ongoing supplies and services necessary for the Office to perform administrative duties assigned to it by law under State of Wisconsin Statutes and the Wisconsin Constitution.

BACKGROUND

2015 Wisconsin Act 55 enacted a reduction to the Office's budget through the annual, ongoing deletion of \$143,100 PR and 2.0 FTE PR expenditure and position authority, respectively, under §20.575(1)(g). The two positions deleted were the Deputy and Office Operations Associate, which in part were responsible for performing the administrative functions necessary for the Office to fulfill its current statutory and constitutional duties. 2017 Wisconsin Act 59 further permanently reduced supplies and services expenditure authority by \$5,000 PR annually.

Since the enacted deletions of the SoS's expenditure and position authority, the volume of ongoing remaining work and supplies and services has exceeded the resources of the Office. The Office has been challenged to maintain critical work functions with its resources of 2.0 FTE permanent PR positions (inclusive of the Secretary of State), LTE

support appropriated at \$35,000 PR annually, and supplies and services budget of \$40,900 PR, all under §20.575(1)(g).

The work performed by the SoS 1.00 FTE Records Forms Management Specialist position and current LTE Executive Staff Assistant to fulfill the essential responsibilities of the Office include, but are not limited to: processing authentications and apostilles, which since the 2015 WI Act 55 resource deletion the average processing time has increased for each; intaking and processing mail; corresponding with constituents and customers; managing Office financial activity, such as processing, preparing, and issuing checks, payments, refunds, and deposits, and balancing the Office's cash drawer; responding to inquiries and open records requests, the responses to which are oftentimes delayed due to resource constraints; and providing essential Office services to the public during regular business hours (e.g., answering phones, addressing walk-ins, etc.). The performance of each of these responsibilities is impacted by the limited number of staff available to perform the work.

In addition, the Office is constitutionally required to keep a record of all official acts of the legislative and executive branches of Wisconsin's government (Wisconsin Constitution Article VI §2 and §14.38(1), Wis. Stats.), affix the Great Seal of the State of Wisconsin to official acts of the Governor (Wisconsin Constitution Article XIII §4 and §14.38(2), Wis. Stats.), file oaths of office, bonds, and deeds for state lands (§14.43, Wis. Stats.), and preserve the original copies of laws (§14.38(5), Wis. Stats.). The Office is also currently statutorily required to file incorporation papers and other documents for cities and villages (§14.43, Wis. Stats.), but due to 2015 Wisconsin Act 55, the 2015-17 biennial budget act, transferring the duty of filing certain municipal records from Secretary of State to the Department of Administration (DOA), SoS no longer retains or has access to the appropriate records system to perform this duty. While the statutory language for this duty currently resides with the Office, this request is not inclusive of the expenditures associated with that specific duty, as the Office has remitted this responsibility to DOA as part of the transfer.

The Office's apostille and authentication services are vital to Wisconsin residents and businesses, which compete in priority with the other duties of the Office as aforementioned. The processing of authentications and apostilles requires a considerable amount of SoS staff time. The Office receives, reviews, and processes a high volume of authentications and apostilles daily (a current average of 50-70 per day). Customers are oftentimes urgently seeking these certifications for international use, such as to conduct business, get married in another country, provide or receive a power of attorney, and more. While the Office is statutorily required to be open and accessible to the public during regular business hours every weekday under §230.35(4)(f), Wis. Stats., the SoS staff also practically need to be in-person and to spend a considerable amount of their limited time on processing authentications and apostilles.

The challenges the Office has faced in managing its workload since the deletion of resources under 2015 WI Act 55 have since compounded due to the recent increase in the annual number of authentications and apostilles it has received to process. In FY 2022-23, the Office processed 14,969 apostilles and authentications (see Table 1 below), an over 103.3% increase from FY 2019-20. The SoS is projected to process over 16,000 authentications and apostilles in FY 2023-24. Given the number of apostilles and authentications processed each year, as well as the continued increase in requests for expedited processing (which customers are charged an additional fee as defined in statute under §14.38(9), Wis. Stats.), it has become increasingly difficult for the Office to carry out these functions with its current staffing complement.

Table 1. Apostilles and Authentications Processed, FY 2019-20 through FY 2022-23

Document	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	% Increase Overall
Apostilles	9,510	9,717	10,816	10,810	14%

Authentications	2,348	2,112	1,641	2,396	2%
Rejections ¹	0	0	0	1,763	N/A
Total	11,858	11,829	12,457	14,969	26%
Expedited Processing	4,072	4,510	5,477	5,906	45%

¹Rejected documents, which require equal staffing and supplies and services expenditures, began to be tracked in FY 2022-23

When the current Secretary assumed office in March of 2023, the average processing time for standard apostille services was as long as one month or more and over a week to receive the expedited service. The Office's processing timelines have improved due in part to temporary support services provided through the American Rescue Plan Act (ARPA), which has allowed for the permanent SoS staff to focus on getting caught up on backlogs and on providing timely processing for authentications and apostilles.

As of March 13, 2024, standard apostille processing takes on average seven calendar days and expedited orders are often processed the same day they are received. Since October 13, 2023, the Office has processed 2,701 apostilles the same day of receipt and processed a total of 1,963 documents for walk-in customers. When these temporary resources expire, the Office will return to insufficient levels of support and staffing, and backlogs are anticipated to begin to accumulate again. Resources are needed immediately for the Office to transition from use of its current expiring resources to enable continuity of operations.

The recent increased caseload coupled with the reductions to expenditure authority under 2015 Wisconsin Act 15 and 2017 Wisconsin Act 59 has created a greater risk of the Office not being able to fulfill its constitutional duties once its temporary resources expire. The Office's resource deficit could cause work stoppages or delays for apostille and authentication services provided to SoS's over 300 Wisconsin business customers, and would impact thousands of citizens, including families seeking to adopt children, students seeking international educational opportunities, and Wisconsin workers needing to travel overseas.

In addition, the supplies and services budget necessary for the Office to fulfill its responsibilities is insufficient. Certain items have been neglected due to budgetary insufficiency and now require immediate repair to function properly, such as the Office's Great and backup Seals. WI Const Art XIII §4 and §14.38(2), Wis. Stats., requires SoS to keep the Great Seal and to authenticate all acts of the Governor with that seal.

The current Great Seal of Wisconsin dates from 1851, which was partially modified in 1881, when, by act of the Legislature, a new seal was engraved for the State. The seal press machine that sits in the Office dates to 1881. The press has recessed and raised dies that press the Great Seal and lesser seal into adhesive gold foils affixed to official documents signed by the Governor and countersigned by the SoS. There are no records indicating when the die plates on the 1881 Mitchell Press Machine were last replaced.

In 2022, the Office purchased die plates for their use at the Department of Administration's Bureau of Publishing and Distribution, which are used to cost effectively emboss the apostille certificates bearing the Great seal. The die on the 1881 Mitchell press machine is wearing out, the seal's impression is fading for official documents, and the Office does not have the expertise to replace the die and counter in the press. If the antique machine mechanically breaks, the Office is unsure if it could be repaired. Also, while the backup seal is a more modern device made of black metal and was last refurbished in 1996, it also now requires repairs as it is currently not functioning.

In order for the Office to maintain operations and statutory and constitutional responsibilities, there is a critical need for the Great Seal to be replaced, the backup seal to be repaired, and the press and die plates to be replaced on each. Out of concern that the antiquated Mitchell Press Machine may break, the Office would like to also replace the

existing seal machine press, which, due to the custom size of the seal, would require the creation of a custom machine press.

The Office has additionally been faced with an increase in technology costs due to the new and unanticipated managed transport services (MTS) fee that it will be charged for on an ongoing basis beginning in FY 2023-24. The Division of Enterprise Technology began migrating in Winter FY 2023-24 to a new statewide fiber network and BadgerNet contract which provides Wide Area Network (WAN), internet transport, and video application services to state government entities. During DET's migration to its new BadgerNet Contract in FY 2023-24, it was discovered that all agencies in the Capitol had not been historically charged a fee for their use of MTS. Therefore, in order to rectify this billing inconsistency, DET began the process to inform and bill all pertaining customers, back-dating charges to December of FY 2023-24.

Finally, the Office is required to keep a record of the official acts of the Legislature and the executive department of the State and is required to have custody of books, records, deeds, bonds, parchments, maps, papers, and other articles and effects belonging to the state via §14.38(5), Wis. Stats. These documents are required under §14.38(3), Wis. Stats., to be open to inspection by the Governor and legislative committees. SoS does not have the staffing or supplies capacity to administer this record custodial management requirement to the extent necessary.

The SoS supplies and services budget is currently appropriated at \$40,900 PR annually, the totality of which is necessary for all ongoing, basic supplies and services for the Office to pay for standard bills to continue to operate; the expenditure amounts for these necessary new supplies and services items are not able to be absorbed. Based upon all urgent Office needs, malfunctioning essential office supplies, increasing workloads, building operational pressures and the necessity to adhere to statutory and constitutional responsibilities, work stoppages and delays are imminent without the requested additional staff and supplies and services support.

JUSTIFICATION

The Office requests an increase in position and expenditure authority for FY 2023-24 and FY 2024-25 for 1.0 PR FTE permanent Records/Forms Management Specialist position and associated ongoing expenses (\$5,100), prorated for two months of expenditures in FY 2023-24 (\$4,600 one-time and \$300 ongoing) for personnel-variable supplies services.

This Office also requests additional LTE support equal to \$52,800 PR annually for salary and fringe and \$2,200 in supplies and services on an ongoing basis in FY 2024-25, estimated in FY 2023-24 equal to one-time supplies and services for laptops and office equipment (\$3,200) and prorated (two months) for ongoing personnel-variable supplies and services (\$400).

Table 2. Requested Personnel Expenditure Increase by Allotment Line

Allotment Line	FY 2023-24	FY 2024-25
Permanent Salary	\$6,500	\$42,100
LTE	\$11,500	\$49,000
Fringe (Perm and LTE)	\$3,400	\$19,900
Supplies (One-Time)	\$7,800	\$ -
Supplies (Ongoing)	\$700	\$7,300
Total	\$29,900	\$ 118,300

Given the need to perform all referenced constitutional and statutory responsibilities, including to provide

staff coverage during all office hours and to provide timely processing of authentications and apostilles, the additional personnel resources would ensure continuity of operations and effective completion of required office functions. The newly requested 1.00 FTE Records/Forms Management Specialist position and LTEs would be responsible for the daily tasks the Office performs as referenced above, including the processing of authentications and apostilles.

In addition, the Office is requesting an increase in expenditure authority for supplies and services as contained in Table 3 of \$2,800 PR ongoing for FY 2023-24 and \$9,400 PR in FY 2024-25 (\$4,000 one-time and \$5,400 ongoing) necessary to complete constitutional and statutory responsibilities and to pay for technology costs as stated above.

The \$4,000 requested in FY 2024-25 in one-time costs would support the purchase of a new seal, repair the backup seal (both of which require a metallurgist), and purchase a new seal press machine and press and die. The MTS expenses are estimated at approximately \$370 per month charged as of December 2023 for a total of \$2,600 in FY2023-24 and \$4,400 annually and ongoing beginning in FY 2024-25.

The \$1,000 amount on an ongoing basis requested for document storage would be used to physically store the materials as required under §14.38(3) and (5), Wis. Stats., as well as to store some documents on servers electronically. An estimated additional 200GB of storage is required to house nearly 80,000 documents in the server mainframe, with electronic storage estimated to cost about \$200 for the remainder of FY2023-24 and \$1,000 for FY2024-25.

Table 3. Requested Supplies and Services Expenditure Authority Increase

Supplies and Services Items	FY 2023-24	FY 2024-25
Seal Press and Die (one-time)	\$ -	\$4,000
Document Storage	\$200	\$1,000
Managed Transport Services	\$2,600	\$4,400
Supplies Total	\$2,800	\$9,400

The expenditures under numeric 130 are supported by revenues collected from program fees, such as fees collected from authentications and apostilles, and from a \$150,000 annual transfer from the Department of Financial Institutions (DFI) as required under §20.144(1)(g), Wis. Stats. In addition, §20.575 (1)(g), Wis. Stats., requires the Office to lapse any unencumbered balance exceeding 10 percent of FY expenditures back to the general fund.

Please see Table 4 below for a recent historical overview of financial activity under numeric 130. Based upon the recent historical trend of annual revenue generated from program fee collections, the annual DFI transfer, and the statutory lapse amounts, it is anticipated that there will be sufficient revenue to provide for the requested increase to expenditures on an ongoing basis.

Table 4. Numeric 130 Financial Activity, FY2021-22 through FY2023-24 (to-date)

Revenue Source	FY 2021-22	FY 2022-23	FY 2023-24 (to-date) ¹
Beginning Balance	\$26,862	\$27,984	\$30,850
Expenditures	\$279,838	\$277,803	\$238,497
Total Program Revenue	\$411,067	\$420,039	\$390,880
<i>Program Fee Collections</i>	<i>\$261,067</i>	<i>\$270,039</i>	<i>\$240,880</i>
<i>DFI Transfer</i>	<i>\$150,000</i>	<i>\$150,000</i>	<i>\$150,000</i>

Statutory Lapse	\$130,107	\$139,370	Not Available
Balance After Lapse	\$27,984	\$30,850	Not Available

¹FY 2023-24 Collections and expenditures are as of April 4, 2024.

SUMMARY

The Office of the Secretary of State requests an increase in expenditure authority of \$32,700 PR (\$24,900 ongoing and \$7,800 one-time) in Fiscal Year 2023-24 and \$127,700 PR (\$123,700 ongoing and \$4,000 one-time) in Fiscal Year 2024-25 for the creation of 1.0 FTE PR Records/Forms Management Specialist position, LTE staffing, and increased supplies and services under §20.575(1)(g), *program fees*, appropriation numeric 130.

Thank you for your consideration of this request. Should you have any questions or require additional information, please contact Secretary Godlewski at statesec@wisconsin.gov or Megan Denenea, DOA, at Megan.Denenea@wisconsin.gov.

cc: Colleen Holtan, DOA, Director of the Bureau of Financial Management
Robin Malicki, DOA, Budget Section Chief of the Bureau of Financial Management