



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

Paper #134

Funding Conversion of Certain Public Benefits Administrative Costs (DOA -- General Agency Provisions)

CURRENT LAW

Under current law, the Department of Administration (DOA) oversees the administration of a statewide public benefits program, which provides assistance to low-income households for weatherization and energy conservation-related services and funds efforts to develop energy conservation and renewable resources alternatives. During the current fiscal year, \$12,384,200 SEG supports the on-going administrative costs associated with the operation of the public benefits program. Of these amounts, \$529,900 SEG annually is budgeted for direct staff support and related supplies and services funding for 5.0 SEG positions involved with the implementation of the public benefits function.

GOVERNOR

Continue base level administrative funding for the program.

DISCUSSION POINTS

1. The Joint Committee on Finance, at its July 12, 2000, meeting under s. 13.10 of the statutes, provided an initial base-building supplement of \$12,384,200 SEG to DOA to support its administrative costs associated with the implementation of the statewide public benefits program. Of these amounts, \$10,100,000 SEG was placed in unallotted reserve, primarily to fund the future costs of retaining a program evaluator, a fiscal agent, a public benefits marketing coordinator and specialized policy consultants. The funds in unallotted reserve would be released to the Department under a 14-day passive review mechanism, once DOA had developed more definitive projections of its funding needs for these consultant services.

2. As part of a recent DOA request submitted to this Committee in support of the release from unallotted reserve of \$4,429,600 SEG in 2000-01 for an evaluation coordinator and a financial compliance agent for the statewide public benefits program, the agency recommended funding certain senior management staff in the Division of Energy and Public Benefits, certain financial and other support administrative staff in the Division of Administrative Services and some general supplies and services costs relating to the public benefits program from the segregated Public Benefits Fund rather than from their current GPR funding source.

3. The following positions and support costs would be converted from GPR to SEG funding:

<u>Position or Cost Item</u>	<u>Salary</u>	<u>Fringe Benefits</u>	<u>Supplies & Services</u>	<u>Total</u>
1.0 Division Administrator	\$86,900	\$30,400	\$3,000	\$120,300
1.0 Energy Markets Director	66,300	23,200	3,000	92,500
1.0 FTE Administrative Support	45,000	15,800	3,000	63,800
1.0 FTE Administrative Support	45,000	15,800	3,000	63,800
General Supplies and Services	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
TOTAL	\$243,200	\$85,200	\$112,000	\$440,400

4. The principal rationale for proposing this funding conversion is that the transfer of responsibility for the statewide public benefits program to DOA has significantly impacted the amount of time that senior management in the agency's energy function devotes to these activities. Once the major investor-owned utilities have transitioned all of their public benefits funding to the state program by the 2003 calendar year and assuming the same level of utility customer public benefits payments, the program will exceed \$104,155,000 SEG annually. Additional human resources, financial management, management services and IT support commitments have increasingly occupied staff time, particularly in DOA's Division of Administrative Services. The proposed funding conversion would also recognize these shifts in workload.

5. Further, it should be noted that the funding conversion would reallocate existing base level, but uncommitted, resources already budgeted for public benefits administrative costs. As a result, the funding conversion would not result in less funding being available for low-income and energy efficiency and renewable resource development activities.

6. Consequently, the Committee may conclude that the funding conversion is appropriate and should be adopted.

7. However, the Department would prefer to defer this funding conversion at this time and identify it instead as a cost-saving component as part of the proposed mandatory 5% base level reduction to its GPR-funded general program operations appropriations that would be required under the bill during the next biennium. If Committee believes that this concern has merit, it could take no action and maintain current law funding for certain senior energy management staff, certain

financial support and related administrative staff and some general public benefits-related supplies and services costs.

ALTERNATIVES

1. Convert \$440,400 annually and 4.0 positions (2.0 FTE senior management staff in the Division of Energy and Public Benefits and 2.0 FTE administrative support staff in the Division of Administrative Services) and general supplies and services costs relating to the public benefits program from GPR funding to funding from currently appropriated base level administrative funds from the segregated Public Benefits Fund.

Alternative 1	GPR	SEG	TOTAL
2001-03 FUNDING (Change to Bill)	- \$880,800	\$0	- \$880,800
2002-03 POSITIONS (Change to Bill)	- 4.00	4.00	0.00

2. Take no action.

Prepared by: Tony Mason