



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #104

### **Authority to Reduce or Eliminate Certain Memberships, Dues and Related Expenditures (DOA -- General Agency Provisions)**

[LFB 2005-07 Budget Summary: Page 30, #14]

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#### **CURRENT LAW**

Under current law, the general program operations appropriation under DOA's attached divisions and other bodies program supports the payment of memberships and annual dues relating to participation in interstate bodies, travel and miscellaneous expenses related attendance at meetings of those bodies. The appropriation also funds allocations to special and executive order committees. Base level funding under this membership and dues appropriation is \$169,800 GPR annually.

The appropriation supports dues payments for the state's participation in the following enumerated entities: the Council of State Governments, the Education Commission of the States, the Midwest Higher Education Compact, the Northeast Midwest Institute, the Council of Great Lakes Governors, the Great Lakes Commission, and such other national or regional interstate governmental bodies as the Governor determines. The appropriation also pays the costs of special and executive order committees. The Governor is currently authorized to allocate up to \$2,000 GPR per fiscal year to any such committee. If the Governor wishes to allocate more than \$2,000 annually to a special or executive order committee, the proposed budget for the committee must be submitted to the Joint Committee on Finance for approval. The Governor may then release to the special or executive order committee the amounts approved by the Committee.

#### **GOVERNOR**

Authorize the Secretary of DOA to reduce or eliminate payments for memberships, annual dues, or travel and miscellaneous expenses for the state's participation in certain interstate

bodies. Delete the Northeast Midwest Institute from the enumeration of interstate bodies for which dues may be paid from the appropriation. Provide that if the Secretary of DOA reduces or eliminates expenditures from the appropriation: (1) the Revisor of Statutes would no longer be required to attend legislative service conferences of the Council of State Governments if membership in that organization is discontinued; (2) the commissioners of the Wisconsin Great Lakes Compact Commission would no longer be required to represent the state if membership in the Commission is discontinued; (3) the costs of dues for the Midwest Higher Education Commission would no longer be required to be funded from the appropriation; and (4) actual and necessary meeting expenses would no longer be required to be paid in connection with attendance at the Great Lakes Compact Commission, the Midwest Higher Education Commission, or the Education Commission of the States.

Further, authorize the Secretary of DOA to reduce or eliminate proposed expenditures by special and executive order committees in any fiscal year to accommodate an insufficiency in the appropriation.

No increase to the current base funding level of \$169,800 GPR annually is provided under the bill.

## **DISCUSSION POINTS**

1. Originally, this membership and dues appropriation had a more limited funding purpose: supporting a modest number of interstate bodies, primarily of interest to executive branch agencies [the Education Commission of the States, the Northeast Midwest Institute, the Council of Great Lakes Governors, the Great Lakes Commission, and such other national or regional interstate bodies as the Governor determined] and the meeting expenses of special and executive order committees.

2. Then, in the 1997-99 biennium, the Legislature shifted the annual dues payment responsibility for the Council of State Governments from the Legislature's membership payment appropriation to this DOA appropriation. In addition, funding for membership in the Midwest Higher Education Compact was added to the appropriation. The 1997-99 biennial budget increased the appropriation from \$186,600 GPR to \$367,100 GPR annually to reflect these changes.

3. Over the next two biennia, the amounts appropriated for memberships, dues payments and meeting expenses remained stable. The appropriation was funded at \$359,800 GPR annually in the 1999-01 biennium. The 2001-03 biennial budget continued this level of funding for 2001-02 and 2002-03.

4. However, beginning in 2002-03, a series of budget reduction actions began to be applied to the appropriation. Provisions of 2001 Wisconsin Act 109, the 2002 budget adjustment act, deleted \$135,000 GPR from the appropriation in 2002-03, reducing it to \$224,800 GPR. Provisions of the 2003-05 biennial budget deleted an additional \$55,000 GPR annually, reducing the appropriation to the current \$169,800 GPR annually.

5. As a result of the reductions that began in the 2002-03 fiscal year, the state has been unable to fully fund its annual membership payments and dues commitments, and DOA has been making partial payments to these organizations. The actual annual billings from these organizations and the partial payments actually made by DOA since 2002-03 are identified in Table 1.

**TABLE 1**  
**Membership, Dues and Special Committee Billings and Payments**  
**(2002-03 through 2004-05)**

<u>Interstate Body</u>	<u>2002-03</u>		<u>2003-04</u>		<u>2004-05</u>	
	<u>Billed</u>	<u>Paid</u>	<u>Billed</u>	<u>Paid</u>	<u>Billed</u>	<u>Paid</u>
<b>Expenditures</b>						
Council of Great Lakes Governors	\$30,000	\$12,800	\$30,000	\$30,000	\$30,000	\$30,000
Council of State Governments	118,100	112,200	118,100	118,100	118,100	0
Education Commission of the States	78,500	33,400	81,600	0	81,600	81,600
Great Lakes Compact Commission	60,000	25,500	60,000	0	60,000	46,200
Midwest Higher Education Compact	<u>82,500</u>	<u>82,500</u>	<u>82,500</u>	<u>82,500</u>	<u>82,500</u>	<u>0</u>
Subtotal	\$369,100	\$266,400	\$372,200	\$230,600	\$372,200	\$157,800
Special and Executive Order Committees	<u>---</u>	<u>\$9,200</u>	<u>---</u>	<u>\$5,000</u>	<u>---</u>	<u>\$12,000*</u>
Total	\$369,100	\$275,600	\$372,200	\$235,600	\$372,200	\$169,800
<b>Funding Sources Uses</b>						
Membership and Dues GPR						
Appropriation [20.505(4)(ba)]		\$169,800		\$169,800		\$169,800
General Program Operations GPR						
Appropriation [20.505(1)(a)]		105,800		24,300		0
Services to State Agencies PR						
Appropriation [20.505(1)(ka)]		<u>0</u>		<u>41,500</u>		<u>0</u>
Total		\$275,600		\$235,600		\$169,800

\*Budgeted.

6. Table 2 identifies the membership payments, dues commitments requested from the currently active interstate bodies, and DOA's estimate for special and executive order committee expenses during each fiscal year of the 2005-07 biennium. [The Department indicates that the Northeast Midwest Institute has not sent an invoice to the state for several years, and the Governor is recommending that the enumeration of the Institute be deleted from the list of interstate bodies for which dues may be paid from the appropriation.]

**TABLE 2**

**Memberships, Dues and Special Committee Commitments  
(2005-07)**

<u>Interstate Body</u>	<u>2005-06</u>	<u>2006-07</u>
Council of Great Lakes Governors	\$30,000	\$30,000
Council of State Governments	121,400	126,300
Education Commission of States	81,600	81,600
Great Lakes Compact Commission	60,000	60,000
Midwest Higher Education Commission	<u>82,500</u>	<u>82,500</u>
Subtotal	\$375,500	\$380,400
Executive Committees	<u>\$12,000</u>	<u>\$12,000</u>
Total	\$387,500	\$392,400

7. Because these billings and estimated expenditures exceed the base level funding available in the appropriation (by \$217,700 GPR in 2005-06 and by \$222,600 GPR in 2006-07), the Governor has recommended authorizing the Secretary of DOA to reduce or eliminate some of these payments. Statutory provisions would also be repealed relating to such matters as the required attendance or representation by certain state officials at meetings of some of these bodies and the payment of actual and necessary meeting expenses for state officials that attend the meetings of these interstate bodies.

8. While the Governor's recommendation would explicitly authorize the Secretary of DOA to determine which dues and memberships and related expenses would be paid from the membership and dues appropriation, as a practical matter, the Secretary has been exercising this discretion at least since the 2002-03 fiscal year.

9. It may be noted that the Secretary has also utilized other appropriations to fund part of the state's dues and membership payment obligations since 2002-03. As identified in Table 1, the Secretary allocated \$105,800 GPR in 2002-03 and \$24,300 GPR in 2003-04 for dues and membership payments from the agency's general program operations appropriation. Further, payments of \$41,500 PR were also authorized in 2003-04 from DOA's services to state agencies appropriation.

10. While the Secretary of DOA has already prorated or deferred memberships and dues payments since 2002-03, the Governor's recommended language changes would modify the statutes to reflect current practice. Consequently, the Committee may conclude that the proposed changes are appropriate and could approve the Governor's recommendation.

11. Alternatively, it could be argued that membership in these interstate bodies and organizations provides benefits to state agencies and officials, and that efforts should be made to fund the annual dues and membership expenses to ensure the state's continued participation in these bodies. It is uncertain that interstate bodies would continue to grant Wisconsin the full benefits of

membership if the state were to continue to make partial membership or dues payments over the long term.

12. Since DOA has already made some membership payments from the agency's PR materials and services to state agencies appropriation [s. 20.505(1)(ka) of the statutes], the Committee could choose to formally amend the expenditure purposes of this appropriation account to permit such payments, as needed, on an on-going basis. Currently, this appropriation is funded primarily from overhead charges assessed to DOA's non-GPR operations. The Secretary of DOA would have the option of supplementing membership, dues and special and executive committee expenses from this appropriation account, where the amounts in the GPR-funded membership and dues appropriation were insufficient. Since it is unknown the degree to which the Secretary might utilize this option, no additional expenditure authority would be provided.

13. As a further alternative, the Committee could: (a) amend the expenditure purposes of the materials and services to state agencies appropriation account to permit its use to fund membership, dues and special and executive committee expenses; (b) provide increased expenditure authority under the appropriation of \$387,500 PR in 2005-06 and \$394,400 PR in 2006-07 to fund the anticipated costs of memberships, dues and special committee commitments; (c) repeal the existing GPR general program operations appropriation under DOA's attached divisions and other bodies program that supports these payments and delete the associated base level funding of \$169,800 GPR annually; and (d) delete the Governor's recommended language changes (except for the elimination of the enumeration of the Northeast Midwest Institute.)

14. While such an approach would result in GPR savings, the increased PR expenditures would result in higher chargebacks to DOA's non-GPR operations. These operations, in turn, would likely increase charges to other state agencies to support the increased PR-funded costs under this alternative. DOA would be granted the authority to make such assessments under this alternative.

15. Finally, it could be argued that since these interstate organizations provide services to a variety state agencies and officials, the full budgeted costs of membership should be paid from the general fund, as was done prior to 2002-03. The Committee could choose to delete the Governor's recommendation (except for the elimination of the enumeration of the Northeast Midwest Institute) and provide \$217,700 GPR in 2005-06 and \$222,600 GPR in 2006-07 to fully fund anticipated memberships, dues, and executive committee expenses.

## **ALTERNATIVES**

1. Approve the Governor's recommendation authorizing the Secretary of DOA to reduce or eliminate: (a) payments for memberships, annual dues, or travel and miscellaneous expenses for the state's participation in certain interstate bodies; and (b) allocations budgeted to special committees created by law or by executive order.

2. Delete the Governor's recommendation (except for the elimination of the enumeration of the Northeast Midwest Institute) and provide \$217,700 GPR in 2005-06 and

\$222,600 GPR in 2006-07 to fully fund anticipated dues, memberships, and special and executive committees meeting expenses during the 2005-07 biennium.

<u>Alternative 2</u>	<u>GPR</u>
<b>2005-07 FUNDING</b> (Change to Bill)	\$440,300

3. Modify the Governor's recommendation by amending the expenditure purposes of DOA's materials and services to state agencies appropriation account to permit its use to fund payments for memberships, annual dues, or travel and miscellaneous expenses for the state's participation in certain interstate bodies and for allocations budgeted to special committees created by law or by executive order.

4. Delete the Governor's recommendation and: (a) amend the expenditure purposes of DOA's materials and services to state agencies appropriation account to permit its use to fund membership, dues for the currently enumerated cost of interstate bodies (other than the Northeast Midwest Institute) and special and executive committee expenses; (b) provide increased expenditure authority of \$387,500 PR in 2005-06 and \$394,400 PR in 2006-07 under that appropriation to fund the anticipated costs of memberships, dues and special committee commitments; (c) repeal the existing general program operations appropriation under DOA's attached divisions and other bodies program that supports these payments and delete base level funding of \$169,800 GPR annually; and (d) authorize DOA to assess state agencies for these costs.

<u>Alternative 4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
<b>2005-07 FUNDING</b> (Change to Bill)	- \$339,600	\$779,900	\$440,300

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