



Legislative Fiscal Bureau

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

May 17, 2007

Joint Committee on Finance

Paper #172

Eliminate Base Budget Review Requirement (Budget Management and Compensation Reserves)

Bill Item

[LFB 2007-09 Budget Summary: Page 67, #4]

CURRENT LAW

Under current law, one-third of state agencies must submit a report each biennium containing all of the following: (a) a description of each programmatic activity of the state agency; (b) an accounting of all expenditures by programmatic activity, arranged by revenue source and by categories developed by the Secretary of Administration, in each of the prior three fiscal years; and (c) a similar accounting of all expenditures in the last two quarters in each of the prior three fiscal years. Currently, this information must be included in the agency budget request and a summary of this information must be included in the Governor's executive budget documents.

GOVERNOR

Delete the current requirement that these reports be prepared.

DISCUSSION POINTS

1. The base budget review reports present expenditure data by appropriation for each of the last three fiscal years. Included in the expenditure data are the amounts expended in the first half of each fiscal year as well as expenditures in the third and fourth quarters. Each report includes explanatory notes for each appropriation that briefly describe the purpose of the appropriation.

2. The reporting requirement was enacted to provide information about base level funding for state agencies. The report attempts to address the concern that the budget process in general uses the base budget as its starting point and focuses on proposed changes to the base.

3. Staff from the administration indicate that SB 40 would repeal the requirement for these reports because the current reports are of limited use in preparing the Governor's budget recommendations, and involve agency staff time in their preparation. In addition, the first cycle of reports has been completed and each state agency has prepared a report under this provision over the last six years.

4. There is pending legislation relating to this reporting requirement. Assembly Bill 50 was introduced on January 30, 2007, and referred to the Assembly Committee on Ways and Means. This legislation would address the format of the report and its inclusion in the November 20 budget compilation that is prepared by the Department of Administration. Because this reporting requirement is the subject of a separate bill currently in a standing committee, the Committee may wish to delete the provision of SB 40 that would repeal the requirement for the reports.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to eliminate the requirement for these reports.
2. Delete provision, which would maintain the requirement for these reports.

Prepared by: Dave Loppnow