



## Legislative Fiscal Bureau

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April 16, 2009

Joint Committee on Finance

Paper #175

### **Additional GPR Reductions to Several Agencies (Budget Management and Compensation Reserves)**

[LFB 2009-11 Budget Summary: Additional GPR Reduction Items under Various Agencies]

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#### **CURRENT LAW**

No provision.

#### **GOVERNOR**

Reduce funding by \$17,852,500 GPR in 2009-10 and \$17,927,800 GPR in 2010-11 from certain state agencies. In most cases, these reductions represent 5% of the 2008-09 adjusted base of the affected appropriations. Create a program revenue-service appropriation under each of these agencies that could be used to receive federal stimulus moneys that could offset these reductions in the 2009-11 biennium. Under each of these GPR reductions in the Executive Budget Book, it is indicated that: "The Governor also recommends providing the Secretary of the Department of Administration the authority to allocate funds that may be received from federal economic recovery legislation that are intended to stabilize state budgets, as prescribed in that legislation, to offset reductions to agencies."

Attachment 1 shows these reductions by agency. Attachment 2 shows each of the appropriations within each agency that are reduced under this provision.

#### **DISCUSSION POINTS**

1. Under the federal stimulus legislation, the state will receive \$876,940,100 in stabilization moneys. Of this amount, 81.8% (\$717,337,000) is provided under the category of education stabilization and 18.2% (\$159,603,100) is provided under the category of government

services stabilization. In AB 75, \$789,000,000 would be provided to fund K-12 general school aids, including the entire allocation for education and \$71,663,000 from the allocation for government services. AB 75 would also provide \$50,000,000 for county and municipal aid from the allocation for government services. Under AB 75, there would be \$37,940,100 of the government services stabilization moneys that have not been allocated to a specific program.

2. A federal publication giving guidance on the stabilization moneys indicates the following about the government services stabilization funds: "...use its Government Services fund for public safety and other government services, including assistance for elementary and secondary education and public institutions of higher education."

3. The Committee has several options in addressing these funding reductions and allocating the remaining \$37.9 million of government services stabilization moneys. One approach would be to simply approve the Governor's recommendation to make these reductions and authorize the Secretary of DOA to allocate the \$37.9 million to either restore these reductions, or for other purposes, from the proposed \$650 million appropriation under Program Supplements. Under this approach, the Committee would leave the final impact of these reductions and the allocation of the \$37.9 million of federal moneys to the discretion of the DOA Secretary.

4. A second approach would be for the Committee to backfill some or all of these GPR reductions with this federal funding. Under this approach, federal funding would be provided to each agency to replace these GPR reductions. Many agencies have a federal appropriation under current law that could be increased to reflect the receipt of these moneys; if not, new federal appropriations could be created for this purpose. The proposed federal appropriation under Program Supplements could be reduced correspondingly.

5. By replacing some or all of these GPR reductions with federal funding, agencies would avoid these reductions in the 2009-11 biennium. However, the GPR base in 2010-11 would not be restored, so that the base budget used in the 2011-13 budget would reflect these reductions. Absent a separate decision in the 2011-13 budget to restore this funding, these reductions would apply beginning in 2011-12. Any funding restoration in the 2011-13 biennium would increase the out-year commitments of the general fund.

6. A third approach that the Committee could consider would be to follow the Governor's example in AB 75 and replace \$37.9 million of GPR funding for county and municipal aids in 2010-11 with \$37.9 million of federal funding. Because AB 75 specifies that funding for these aids in future years would be the same as in 2010-11 (\$846.2 million), this funding shift would not affect future funding for the program. Because this higher funding level of \$846.2 million is already factored into estimates of the general fund's condition in the 2011-13 biennium, this funding shift would not affect those numbers. This approach would improve the closing balance of the general fund by \$37.9 million.

7. By improving the balance in the general fund by \$37.9 million, the Committee would have available GPR moneys that could be used to restore some or all of these reductions, or

for other priorities. Any additional funding provided in 2010-11 would affect the commitments of the general fund in the 2011-13 biennium, unless it is provided as one-time financing.

**ALTERNATIVES**

1. Approve the Governor's recommendation to reduce certain agency appropriations by \$17,852,500 GPR in 2009-10 and \$17,927,800 GPR in 2010-11. Authorize the Secretary of Administration to allocate \$37,940,100 of government services stabilization moneys to restore these reductions in the 2009-11 biennium at his discretion, using an appropriation that would be created under Program Supplements with \$650,000,000 FED in 2009-10.

2. Modify the Governor's recommendation by offsetting some or all of these GPR reductions with up to \$37,940,100 of government services stabilization moneys in existing or newly created federal appropriations under each agency. Reduce the \$650,000,000 FED appropriation under Program Supplements correspondingly.

3. Modify the Governor's recommendation by reducing funding for county and municipal aids by \$37,940,100 GPR in 2010-11, providing \$37,940,100 FED in 2010-11 to offset this GPR reduction to county and municipal aids, and reducing the \$650,000,000 FED appropriation under Program Supplements by \$37,940,100. Restore some or all of the GPR funding reductions under this provision. (Any GPR funding restorations would reduce the amount of GPR savings shown for this alternative.

<b>ALT 3</b>	<b>Change to Bill Funding</b>
GPR	- \$37,940,100

4. Delete provision, which would have the effect of restoring \$17,852,500 GPR in 2009-10 and \$17,927,800 GPR in 2010-11. The use of federal stimulus funds under this alternative would remain at the discretion of the DOA Secretary.

<b>ALT 4</b>	<b>Change to Bill Funding</b>
GPR	\$35,780,300

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Attachments



## ATTACHMENT 1

### Agencies Subject to GPR Reductions under this Provision

<u>Agency</u>	<u>2009-10</u>	<u>2010-11</u>
Administration	\$591,700	\$591,700
Agriculture, Trade and Consumer Protection	1,400,800	1,421,800
Arts Board	124,000	124,000
Commerce	1,097,600	1,097,600
Corrections	6,997,600	6,997,600
Educational Communications Board	282,200	282,200
Government Accountability Board	121,700	121,700
Governor	206,200	206,200
Historical Society	620,000	620,000
Judicial Commission	12,200	12,200
Judicial Council	5,600	5,600
Lieutenant Governor	20,900	20,900
Medical College of Wisconsin	216,900	271,200
Natural Resources	1,712,800	1,712,800
Program Supplements	354,800	354,800
Public Instruction	902,000	902,000
Revenue	2,491,700	2,491,700
Tourism	182,300	182,300
Workforce Development	<u>511,500</u>	<u>511,500</u>
Totals	\$17,852,500	\$17,927,800



## ATTACHMENT 2

### Agency Appropriations Affected by these Reductions

<u>Title and Appropriation Purpose</u>	<u>Appropriation</u>	<u>Base</u>	<u>2009-10</u>	<u>2010-11</u>
<b>Administration</b>				
General program operations	505 01 a	\$7,388,700	-\$369,400	-\$369,400
Federal resource acquisition support grants	505 01 fo	109,500	-5,500	-5,500
Adjudication of tax appeals	505 04 a	566,300	-28,300	-28,300
Aid to the Wisconsin covenant foundation, inc.	505 04 bm	184,500	-9,200	-9,200
Women's council operations	505 04 ea	147,200	-7,400	-7,400
Service award program; general program operations	505 04 ec	20,300	-1,000	-1,000
Hearings and appeals operations	505 04 f	2,552,400	-127,600	-127,600
General program operations	505 06 a	245,400	-12,300	-12,300
Youth diversion	505 06 d	380,000	-19,000	-19,000
Child advocacy centers	505 06 f	240,000	-12,000	-12,000
<b>Agriculture, Trade and Consumer Protection</b>				
Product safety program operations	115 01 a	10,011,400	-500,600	-500,600
Animal health program operations	115 02 a	2,680,200	-134,000	-134,000
Financial assistance for paratuberculosis testing	115 02 c	250,000	-12,500	-12,500
Development program operations	115 03 a	2,319,900	-116,000	-116,000
Buy local grants	115 04 am	*	-11,300	-11,300
Aids to county and district fairs	115 04 b	400,000	-20,000	-20,000
Agricultural investment aids	115 04 c	380,000	-19,000	-19,000
Aids to World Dairy Expo, Inc.	115 04 e	23,700	-1,200	-1,200
Exposition center grants	115 04 f	216,300	-10,800	-10,800
Resource program operations	115 07 a	815,000	-40,800	-40,800
Soil and water resource management program	115 07 c	5,081,900	-254,100	-254,100
Farmland preservation planning grants	115 07 dm	*	0	-21,000
Administrative program operations	115 08 a	5,609,700	-280,500	-280,500
<b>Arts Board</b>				
General program operations	215 01 a	379,100	-19,000	-19,000
State aid for the arts	215 01 b	1,885,500	-94,300	-94,300
Challenge grant program	215 01 d	90,000	-4,500	-4,500
Wisconsin regranting program	215 01 f	124,300	-6,200	-6,200
<b>Commerce</b>				
Economic development program operations	143 01 a	4,334,400	-216,700	-216,700
Economic development promotion, plans and studies	143 01 b	30,000	-1,500	-1,500
Wisconsin venture fund	143 01 bk	*	-70,000	-70,000
Film project grants	143 01 bp	*	-25,000	-25,000
Wisconsin development fund; grants, loans, reimbursements, and assistance	143 01 c	7,098,400	-354,900	-354,900
High-technology business development corporation	143 01 d	250,000	-12,500	-12,500
Main street program	143 01 dr	416,800	-20,900	-20,900
Forward innovation fund; grants and loans	143 01 fi	*	-75,000	-75,000
Manufacturing extension center grants	143 01 fj	1,200,000	-60,000	-60,000
Women's business initiative corporation	143 01 fw	*	-5,000	-5,000
Housing program operations	143 02 a	655,500	-32,800	-32,800
Private sewage system replacement and rehabilitation	143 03 de	2,999,000	-150,000	-150,000
Administrative program operations	143 04 a	1,466,700	-73,300	-73,300

<u>Title and Appropriation Purpose</u>	<u>Appropriation</u>	<u>Base</u>	<u>2009-10</u>	<u>2010-11</u>
<b>Corrections</b>				
Institutional repair and maintenance	410 01 aa	\$4,201,300	-\$210,100	-\$210,100
Pharmacological treatment for certain child sex offenders	410 01 bm	110,000	-5,500	-5,500
Mother-young child care program	410 01 cw	200,000	-10,000	-10,000
Energy costs	410 01 f	29,532,700	-1,476,600	-1,476,600
Parole Commission general program operations	410 02 a	1,167,900	-58,400	-58,400
Juvenile correctional services general program operations	410 02 a	1,068,100	-53,400	-53,400
Mendota juvenile treatment center	410 03 ba	1,379,300	-69,000	-69,000
Reimbursement claims of counties containing juvenile corr facilities	410 03 c	200,000	-10,000	-10,000
Community youth and family aids	410 03 cd	98,341,000	-4,917,100	-4,917,100
Community intervention program	410 03 f	3,750,000	-187,500	-187,500
<b>Educational Communications Board</b>				
General program operations	225 01 a	3,371,700	-168,600	-168,600
Energy costs	225 01 b	790,800	-39,500	-39,500
Milwaukee area technical college	225 01 d	250,800	-12,500	-12,500
Transmitter operation	225 01 er	19,000	-1,000	-1,000
Programming	225 01 f	1,212,200	-60,600	-60,600
<b>Government Accountability Board</b>				
General program operations; general purpose revenue	511 01 a	2,434,400	-121,700	-121,700
<b>Governor</b>				
General program operations	525 01 a	3,695,000	-184,800	-184,800
Contingent fund	525 01 b	21,700	-1,100	-1,100
Membership in national associations	525 01 c	125,900	-6,300	-6,300
Literacy improvement aids	525 01 f	25,200	-1,300	-1,300
General program operations	525 02 a	254,500	-12,700	-12,700
<b>Historical Society</b>				
General program operations	245 01 a	11,447,500	-572,400	-572,400
Wisconsin black historical society and museum	245 01 b	90,000	-4,500	-4,500
Energy costs	245 01 c	862,200	-43,100	-43,100
<b>Judicial Commission</b>				
General program operations	665 01 a	225,300	-11,300	-11,300
Contractual agreements	665 01 cm	18,200	-900	-900
<b>Judicial Council</b>				
General program operations	670 01 a	112,900	-5,600	-5,600
<b>Lieutenant Governor</b>				
General program operations	540 01 a	417,200	-20,900	-20,900
<b>Medical College of Wisconsin</b>				
General program operations	250 01 a	2,052,500	-82,000	-102,600
Family medicine and practice	250 01 b	3,371,900	-134,900	-168,600



<u>Title and Appropriation Purpose</u>	<u>Appropriation</u>	<u>Base</u>	<u>2009-10</u>	<u>2010-11</u>
<b>Natural Resources</b>				
Parks -- general program operations	370 01 ea	\$5,664,800	-\$283,200	-\$283,200
Endangered resources--natural heritage inventory program	370 01 fd	255,900	-12,800	-12,800
Land program operations--state funds	370 01 ma	5,900	-300	-300
Air management - motor veh. emission inspection & maint. prog., state funds	370 02 cf	66,100	-3,300	-3,300
Waste program operations--state funds	370 02 ma	1,718,800	-85,900	-85,900
Enforcement program operations--state funds	370 03 ma	3,317,100	-165,900	-165,900
Water resources - remedial action	370 04 af	142,500	-7,100	-7,100
Water program operations - state funds	370 04 ma	16,991,900	-849,600	-849,600
Resource aids -- interpretive center	370 05 ad	27,000	-1,400	-1,400
Environmental aids - nonpoint source	370 06 aa	839,400	-42,000	-42,000
Environmental planning aids - local water quality planning	370 06 da	269,200	-13,500	-13,500
Resource maintenance and development - state funds	370 07 fa	894,400	-44,700	-44,700
Facilities acquisition, development and maintenance	370 07 ha	170,900	-8,500	-8,500
Administrative program operations--state funds	370 08 ma	2,723,200	-136,200	-136,200
Customer assistance program operations - state funds	370 09 ma	1,168,600	-58,400	-58,400
<b>Program Supplements</b>				
Physically handicapped supplements	865 01 fn	6,800	-300	-300
Private facility rental increases	865 02 a	1,374,100	-68,700	-68,700
Maintenance of capitol and executive residence	865 02 e	5,337,400	-266,900	-266,900
Executive residence furnishings replacement	865 02 eb	12,000	-600	-600
Groundwater survey and analysis	865 02 em	216,100	-10,800	-10,800
General purpose revenue funds general program supplementation	865 04 a	150,000	-7,500	-7,500
<b>Public Instruction</b>				
General program operations	255 01 a	12,054,200	-602,700	-602,700
Pupil assessment	255 01 dw	3,110,700	-155,500	-155,500
Adult literacy grants	255 03 b	50,000	-2,500	-2,500
Elks and Easter Seals center for respite and recreation	255 03 d	87,500	-4,400	-4,400
Grant to project lead the way	255 03 dn	250,000	-12,500	-12,500
Milwaukee public museum	255 03 eg	50,000	-2,500	-2,500
Very special arts	255 03 fa	75,000	-3,800	-3,800
Special Olympics	255 03 fg	75,000	-3,800	-3,800
Precollege scholarships	255 03 fz	2,286,400	-114,300	-114,300
<b>Revenue</b>				
Collection of taxes general program operations	566 01 a	49,659,800	-1,323,900	-1,323,900
State and local finance general program operations	566 02 a	8,986,600	-239,500	-239,500
Integrated property assessment system technology	566 02 bm	2,701,600	-72,000	-72,000
Administrative services general program operations	566 03 a	27,777,800	-740,600	-740,600
Integrated tax system technology	566 03 b	4,259,700	-113,600	-113,600
Expert professional services	566 03 c	75,000	-2,100	-2,100
<b>Tourism</b>				
General program operations	380 01 a	3,645,400	-182,300	-182,300
<b>Workforce Development</b>				
General program operations	445 01 a	7,030,000	-351,600	-351,600
State supplement to employment opportunity demonstration projects	445 01 cr	237,500	-11,900	-11,900
Local youth apprenticeship grants	445 01 e	2,200,000	-110,000	-110,000
Employment transit aids, state funds	445 01 fg	550,100	-27,500	-27,500
General program operations, review commission	445 02 a	207,700	-10,500	-10,500
Total		\$398,023,400	-\$17,852,500	-\$17,927,800

\*These appropriations would be created under AB 75 and therefore do not have any base funding [s. 115(4)(am) was created last session but without base funding in 2008-09].