



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #308

Transfer Code Consultant Section to Administrative Services Division (Commerce -- Building and Environmental Regulation)

[LFB 2001-03 Budget Summary: Page 196, #11]

CURRENT LAW

There are six positions in the Safety and Buildings Division that perform activities related to administrative rule development such as for building, electrical, elevator, plumbing, private sewage system, one- and two-family dwelling, manufactured building and multifamily dwelling codes. The Administrative Services Division (ASD) performs agencywide activities. Several ASD activities are provided from a program revenue (PR) appropriation that is funded from administrative overhead charges assessed to the other divisions in the Department to pay for the services provided by the ASD, assessed at a rate of approximately \$9,000 per position. The ASD functions include activities such as finance and information technology. GPR appropriations do not pay the administrative overhead charges. However, GPR funds a portion of administrative staff and activities.

GOVERNOR

Transfer \$547,500 PR and 6.0 PR code consultant positions annually from the Safety and Buildings Division to a PR appropriation in the Administrative Services Division.

DISCUSSION POINTS

1. The Governor's Executive Budget Book indicates that the proposed transfer of the positions from the Safety and Buildings Division to the Administrative Services Division would reflect the agencywide nature of administrative rule (code) development. Commerce officials indicate the intent of the bill is to provide code consultant services to the entire Department and to reallocate a portion of the time of code consultants from Safety and Buildings to other divisions. The code consultants have been reporting to the Bureau of Policy and Budget in the Administrative

Services Division since January 22, 2001.

2. The bill does not provide expenditure authority to the Safety and Buildings Division or other Divisions to pay for the charges that would be assessed by the ASD to pay for the services of the code consultants. Any Commerce programs that would be assessed for the ASD code consultant positions would have to absorb the costs within existing expenditure authority, reducing the amounts that could be spent on currently authorized programs. The DOA Budget Office indicates that this was not intended.

3. Commerce officials indicate that during 1999-00, almost 100% of the time of code consultants was allocated to Safety and Buildings Division code development activities. However, 0.5 of the 6.0 code consultant positions is funded from the petroleum inspection operations appropriation from the segregated petroleum inspection fund. The Department estimates that during 2001-02, Commerce would allocate 70% of the time of code consultants to the Safety and Buildings Division, 10% to petroleum inspection programs, 5% to PECFA, 7% to the Community Development Division and 8% to the Economic Development Division.

4. Commerce officials suggest transferring 5.5 instead of 6.0 PR Safety and Buildings positions, transferring 0.5 SEG position from petroleum inspection programs to the administrative services appropriation and providing office rent costs and a corrected fringe benefit amount in ASD instead of Safety and Buildings. This would provide \$555,800 PR annually instead of \$547,500 in the Administrative Services Division for the 6.0 positions. The annual expenditure authority reduction in the Safety and Buildings Division could be modified to \$517,500 PR instead of \$547,500 to reflect the transfer of 5.5 positions and deletion of office rent costs. Expenditure authority could be decreased by \$38,300 SEG annually in the petroleum inspection operations appropriation to transfer 0.5 SEG position to the ASD.

5. Commerce officials have recently suggested a few different methods of providing expenditure authority to various agency programs to pay for the code consultant positions. One suggestion was to increase the ASD administrative overhead charge currently paid by all PR and SEG appropriations from \$9,000 to approximately \$10,700 annually, and provide expenditure authority to numerous appropriations to pay the increased charges. This would provide a consistent charge per position but would also charge some appropriations for code consultant services that they will not use. Another Commerce suggestion was to allocate code consultant costs on an hourly basis to the PR and SEG appropriations that would be expected to use code consultant services. However, the level of service required by various programs is not certain.

6. A method of allocating code consultant costs to the programs that are primarily expected to use the code consultant services would be to provide expenditure authority to the Safety and Buildings Division and petroleum inspection appropriations that currently pay for the services. Under this option, \$389,100 PR annually could be provided to the Safety and Buildings Division appropriation (70% of the total costs of code consultant services) and \$55,600 SEG annually to the petroleum inspection appropriation (10% of the total). If expenditure authority is not provided to the two programs, they would have to reallocate funds from other current activities to pay for code consultant activities they currently fund within the appropriation. Since the Department plans to

reallocate the remaining 20% of the time of the code consultants to programs that are not currently paying for the services, the other programs could reallocate existing expenditure authority, as needed, to pay for the new services.

ALTERNATIVES TO BASE

1. Approve the Governor’s recommendation to transfer \$547,500 PR and 6.0 PR code consultant positions annually from the Safety and Buildings Division to the Administrative Services Division. (The Safety and Buildings Division and any other programs in Commerce would have reallocate funds from existing activities to pay for the ASD charges for the code consultant positions.)

2. Modify the Governor’s recommendation to delete \$517,500 PR annually and 5.5 PR positions from the Safety and Buildings Division and \$38,300 SEG annually and 0.5 SEG position from the petroleum inspection operations appropriation and provide \$555,800 PR annually and 6.0 PR positions to the Administrative Services Division.

<u>Alternative 2</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Base)	\$76,600	- \$76,600	\$0
<i>[Change to Bill]</i>	<i>\$76,600</i>	<i>- \$76,600</i>	<i>\$0]</i>
2002-03 POSITIONS (Change to Base)	0.00	- 0.50	- 0.50
<i>[Change to Bill]</i>	<i>0.00</i>	<i>- 0.50</i>	<i>- 0.50]</i>

3. In addition to Alternative 1 or 2, provide \$389,100 PR annually in the Safety and Buildings general program operations appropriation and \$55,600 SEG annually in the petroleum inspection general program operations appropriation to pay ASD charges for the positions.

<u>Alternative 3</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Alt.1 or 2)	\$778,200	\$111,200	\$889,400

4. Maintain current law.

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