



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #310

Standard Budget Adjustments (DOC -- Departmentwide)

[LFB 2001-03 Budget Summary: Page 200, #1]

CURRENT LAW

Under the Department of Administration's 2001-03 budget instructions to state agencies, standard budget adjustments are defined as "a category of cost changes common across all agencies that are considered 'housekeeping' in nature and are required to continue a base level of services into the next biennium. In some cases, the decisions provide funding for costs that were authorized and included in the agencies' adjusted base, but at less than a full-annualized level."

GOVERNOR

Provide \$53,485,800 and 229.02 positions in 2001-02 (\$48,815,700 GPR and 242.02 GPR positions, \$4,913,400 PR and -7.0 PR positions, \$39,700 FED and -2.0 FED positions and -\$283,000 SEG and -4.0 SEG positions) and \$53,961,300 and 228.02 positions in 2002-03 (\$49,259,100 GPR and 241.02 GPR positions, \$4,984,400 PR and -7.0 PR positions, -2.0 FED positions and -\$282,200 SEG and -4.0 SEG positions) for the following adjustments to the base budget: (a) turnover reduction (-\$6,989,400 GPR and -\$1,156,200 PR annually); (b) removal of noncontinuing elements (-\$3,736,100 GPR and -1.0 GPR position, -\$2,155,400 PR and -7.0 PR positions, -\$39,800 FED and -2.0 FED positions and -\$283,300 SEG and -4.0 SEG positions in 2001-02 and -\$3,801,900 GPR and -2.0 GPR positions, -\$2,166,400 PR and -7.0 PR positions, -\$79,500 FED and -2.0 FED positions, and -\$283,300 SEG and -4.0 SEG positions in 2002-03); (c) full funding of salaries and fringe benefits (\$26,511,500 GPR, \$4,930,800 PR, \$79,500 FED and -\$24,700 SEG annually); (d) full funding of costs approved under s. 13.10 in 2000-01 (\$11,854,000 GPR and 243.02 GPR positions in 2001-02 and \$11,876,900 GPR and 243.02 GPR positions in 2002-03); (e) full funding of BadgerNet cost increases (\$94,400 GPR and \$17,200 PR annually); (f) overtime costs (\$13,860,900 GPR, \$2,303,600 PR and \$25,000 SEG in 2001-02 and \$14,343,200 GPR, \$2,384,300 PR and \$25,800 SEG in 2002-03); (g) night and weekend pay differential (\$7,092,900 GPR and \$943,100 PR annually); (h) fifth week of vacation as cash

(\$95,700 GPR and \$30,300 PR in 2001-02 and \$99,700 GPR and \$31,600 PR in 2002-03); and (i) full funding of private lease costs and directed moves (\$31,800 GPR annually).

MODIFICATIONS

a. *Turnover Reduction.* Delete \$1,249,600 GPR and \$189,800 PR annually associated with turnover reductions.

Explanation: Turnover reduction is a budget calculation that reduces agency base permanent salaries in any appropriation with 50 or more full-time equivalent permanent positions assuming that at any point in time during the upcoming biennium a certain percentage of positions will be vacant and that refilled positions will generally be filled at a lower salary level. The 2001-03 budget instructions for state agencies indicate that the turnover reduction rate for all agencies is 3%. In calculating turnover for Corrections, a turnover rate of 2% was used for positions in the protective service, while a 3% rate was applied to all other positions. Applying the required 3% turnover rate to all positions would result in a turnover reduction to the bill of \$1,249,600 GPR and \$189,800 PR annually. Total turnover would be -\$8,239,000 GPR and -\$1,346,000 PR annually.

b. *Full Funding of Salaries and Fringe Benefits.* Provide \$637,400 GPR and -\$94,200 PR annually associated with the full funding of salaries and fringe benefits.

Explanation: Full funding of salaries and fringe benefits adjusts an agency's base salaries and fringe benefits budget to correspond with its actual payroll as of a specific date (for the 2001-03 biennial budget, this date is July, 2000). In order to correctly fund Corrections' salary and fringe benefits amounts for the 2001-03 biennium, \$27,148,900 GPR and \$4,836,600 PR annually is necessary. This amount differs from the amount recommended by the Governor by \$637,400 GPR and -\$94,200 PR annually. The modification is the result of salary calculation errors.

c. *Full Funding of s. 13.10 Approvals in the Second Year.* Delete \$49,800 GPR in 2001-02 and \$61,900 GPR in 2002-03 associated with the full funding in the 2001-03 biennium of 2000-01 s. 13.10 actions.

Explanation: Full funding of s. 13.10 approvals incorporates and annualizes supplemental funding and positions approved by the Joint Committee on Finance after June 30, 2000, which were not included in an agency's base budget. These approvals include: (1) staffing the Milwaukee Secure Detention Facility (139.03 GPR positions); (2) staffing the Redgranite Correctional Institution food service operation (4.0 GPR positions); (3) information technology support for the Division of Community Corrections (1.0 GPR position); (4) educational programming at the Fox Lake Correctional Institution (11.17 GPR positions); and (5) staffing at the Burke and Ellsworth Correctional Centers and Fox Lake Correctional Institution associated with the return of female offenders from out-of-state contract beds (87.82 GPR positions). A calculation error was made in determining internal services costs which results in a \$3,200 GPR annual reduction to the bill. In addition, the application of the 3% turnover reduction to all positions rather than 2% as indicated above, and funding of overtime costs in a manner consistent with the

modification identified below result in a further reduction of \$46,600 GPR in 2001-02 and \$58,700 GPR in 2002-03.

d. *Overtime Costs.* Delete \$334,600 GPR, \$55,200 PR and \$600 SEG in 2001-02 and \$682,000 GPR, \$113,300 PR and \$1,200 SEG in 2002-03 associated with overtime costs.

Explanation: In the calculation of full funding of salaries and fringe benefits, salaries and fringe benefits associated with overtime costs are removed. Budgeted overtime is then added back through the overtime item. Overtime costs were calculated assuming that salaries in 2001-03 would increase by 3.5% annually. Under the bill, funds placed in compensation reserves are estimated to be sufficient to provide the equivalent of a uniform across-the-board pay increase of 1% in 2001-02 and an additional 1% in 2002-03. Assuming a 1% per year pay plan increase would require \$13,526,300 GPR, \$2,248,400 PR and \$24,400 SEG in 2001-02 and \$13,661,200 GPR, \$2,271,000 PR and \$24,600 SEG for overtime costs. This would be a reduction to the bill of \$334,600 GPR, \$55,200 PR and \$600 SEG in 2001-02 and \$682,000 GPR, \$113,300 PR and \$1,200 SEG in 2002-03.

e. *Night and Weekend Pay Differential.* Provide \$73,100 GPR and -\$30,100 PR annually associated with night and weekend pay differentials.

Explanation: Night and weekend pay differentials fund higher salary and fringe benefit costs associated with staff required to work at night and on the weekend. Funding for these costs are removed in the calculation of full funding of salaries and fringe benefits and then added back through this item. Calculation errors result in the need to provide an additional \$73,100 GPR annually and a reduction of \$30,100 PR annually. In total, \$7,166,000 GPR and \$913,000 PR annually is necessary for night and weekend pay differentials costs.

f. *Fifth Vacation Week as Cash.* Delete \$2,000 GPR and \$800 PR in 2001-02 and \$5,400 GPR and \$1,900 PR in 2002-03 for providing employees' fifth vacation week as cash costs.

Explanation: Employees who are eligible to receive a fifth week of vacation may elect to take that week as cash. Fifth vacation week as cash costs were calculated assuming that salaries in 2001-03 would increase by 3.5% annually. Under the bill, funds placed in compensation reserves are estimated to provide the equivalent of a uniform across-the-board pay increase of 1% in 2001-02 and an additional 1% in 2002-03. Assuming a 1% per year pay plan increase would require \$93,700 GPR and \$29,500 PR in 2001-02 and \$94,300 GPR and \$29,700 PR for fifth vacation week as cash costs. This would be a reduction to the bill of \$2,000 GPR and \$800 PR in 2001-02 and \$5,400 GPR and \$1,900 PR in 2002-03.

Modifications	GPR	PR	SEG	TOTAL
2001-03 FUNDING (Change to Bill)	- \$2,213,900	- \$799,400	- \$1,800	- \$3,015,100

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