



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #225

Standard Budget Adjustments (DOC -- Departmentwide)

[LFB 2003-05 Budget Summary: Page 106, #1]

CURRENT LAW

Under the Department of Administration's 2003-05 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 \$16,506,000 and -57.03 positions in 2003-04 (\$14,336,700 GPR and -50.78 GPR positions, \$77,700 FED and -1.0 FED position, \$2,094,600 PR and -5.25 PR positions, and -\$3,000 SEG) and \$15,623,500 and -70.53 positions in 2004-05 (\$13,643,400 GPR and -60.28 GPR positions, \$77,700 FED and -1.0 FED position, \$1,905,100 PR and -9.25 PR positions, and -\$2,700 SEG) for the following adjustments to the base budget: (a) turnover reduction (-\$7,233,300 GPR and -\$1,085,800 PR annually); (b) removal of non-continuing items (-\$5,320,400 GPR and -50.78 GPR positions, -\$33,300 FED and -1.0 FED position, and -\$237,700 PR and -5.25 PR positions in 2003-04; and -\$6,017,200 GPR and -60.28 GPR positions, -\$33,300 FED and -1.0 FED position, and -\$472,900 PR and -9.25 PR positions in 2004-05); (c) full funding of salaries and fringe benefits (\$4,702,900 GPR, \$111,000 FED, -\$218,100 PR, and -\$21,800 SEG annually); (d) overtime costs (\$15,381,600 GPR, \$2,376,000 PR, and \$18,800 SEG in 2003-04 and \$15,381,600 GPR, \$2,421,100 PR, and \$19,100 SEG in 2004-05); (e) night and weekend pay differential (\$6,642,200 GPR and \$1,237,400 PR annually); and (f) fifth week of vacation as cash (\$163,700 GPR and \$22,800 PR in 2003-04, and \$167,200 GPR and \$23,400 PR in 2004-05).

MODIFICATIONS

a. *Turnover Reduction.* Delete \$1,881,700 GPR and \$195,800 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 2003-05 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 \$1,881,700 GPR and \$195,800 PR annually. Total turnover would be -\$9,115,000 GPR and -\$1,281,600 annually.

b. *Full Funding Salaries and Fringe Benefits.* Delete \$10,700 GPR, \$700 FED, and \$1,300 PR annually associated with full funding 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 2003-05 biennial budget, this date is July, 2002). In order to correctly fund Corrections' salary and fringe benefit GPR amounts for the 2003-05 biennium, \$4,692,200 GPR, \$110,300 FED, -\$219,400 PR, and -\$21,800 SEG annually is necessary. This amount differs from the amount recommended by the Governor by -\$10,700 GPR, -\$700 FED, and -\$1,300 annually. The modification is the result of salary calculation errors.

c. *Overtime.* Provide \$2,800 GPR and \$1,400 PR annually 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. In order to correctly fund Corrections' overtime costs, \$15,384,400 GPR annually and \$2,377,400 PR in 2003-04 and \$2,422,500 PR in 2004-05 is necessary. This amount differs from the amount recommended by the Governor by \$2,800 GPR and \$1,400 PR annually. The modification is the result of overtime calculation errors.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 FUNDING (Change to Bill)	- \$3,779,200	- \$1,400	- \$391,400	- \$4,172,000

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