



## Legislative Fiscal Bureau

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April 16, 2009

Joint Committee on Finance

Paper #173

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

[LFB 2009-11 Budget Summary: Page 118, #10]

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#### **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. The Governor proposed eliminating these reports as part of his recommendations for the 2007-09 budget. The Legislature deleted the Governor's recommendation and retained the base budget review report.

4. Staff from the administration indicate that AB 75 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 a second cycle has begun. Each state agency has prepared a report under this provision over the last six years.

5. Others, however, believe that the reporting requirement is a useful exercise and allows for an examination of agency spending patterns over a three-year period and, therefore, the requirement should be retained.

## **ALTERNATIVES**

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

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