



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #670

Standard Budget Adjustments -- Turnover Reduction (Regulation and Licensing)

[LFB 2009-11 Budget Summary: Page 547, #1]

CURRENT LAW

Under the Department of Administration's 2009-11 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.

GOVERNOR

Apply a modified base budget for turnover reduction at the Department of Regulation and Licensing (-\$58,800 PR annually).

DISCUSSION POINTS

1. Turnover reduction is a budget calculation that reduces agency base permanent salaries in any appropriation with more than 50 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 2009-11 budget instructions for state agencies indicate that the turnover reduction rate for all agencies is 3%.

2. The Department's general program operations appropriation has 108.32 PR base level positions, with total permanent and project position salary of \$5,980,100 PR. Three percent of this amount would total \$179,400 PR annually. Under the bill, the turnover reduction would be \$58,800 PR annually.

3. According to the State Budget Office, the adjusted turnover calculation was

provided to grant DRL more flexibility to manage high workload needs. The Department of Regulation and Licensing could utilize the additional funds to reassign existing staff, use limited-term employees (LTE's), or use contractors. The State Budget Office argues that since DRL has high workload issues related to credential renewals, the additional funding would provide flexibility for timely processing of applications without permanent staff.

4. Alternatively, it could be argued that any dissimilar use of the turnover ratio should have been included under a separate decision item, rather than standard budget adjustments.

5. The turnover ratio is calculated based on salaries, not LTE or contractor payments which are separately budgeted. It could be argued that the open-endedness of this funding flexibility does not allow the Legislature any opportunity of determining the appropriateness of the additional expenditure authority. The Legislature may view hiring LTE's during peak credential renewal periods to be acceptable, but disagree with providing the funding under supplies and services for increased travel costs or providing additional funds to reassign positions to higher pay classifications. Additionally, it could also be argued that provisions of the bill already address potential workload issues by providing funding (\$26,900 PR annually) for hiring LTE's during peak credentialing periods.

6. Application of the standard budget adjustment for turnover would result in an additional reduction of \$120,600 PR annually.

ALTERNATIVES

1. Approve the Governor's recommendation to reduce the Department of Regulation and Licensing's budget by \$58,800 PR annually associated with the standard budget adjustment for turnover.

2. In addition to Alternative #1, reduce the Department's budget for turnover by \$120,600 PR annually.

ALT 2	Change to Bill
	Funding
PR	- \$241,200

3. Delete the provision.

ALT 3	Change to Bill
	Funding
PR	\$117,600

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