



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #572

Transfer Information Technology Positions to DOA (DSPS -- Departmentwide and Professional Regulation)

[LFB 2013-15 Budget Summary: Page 414, #3; Page 32, #3]

CURRENT LAW

The Department of Safety and Professional Services (DSPS) was created under provisions of 2011 Act 32 (the biennial budget) by incorporating functions of the former Department of Regulation and Licensing (DRL) and the former Department of Commerce. DSPS regulates various professional and trade occupations, oversees certain safety and building standards, and administers the petroleum environmental cleanup fund award (PECFA). Multiple independent credentialing boards, such as the Medical Examining Board, are attached administratively to DSPS. Agency operations are funded by credential fees charged to regulated professionals and businesses.

The Department currently performs information technology (IT) activities through a combination of DSPS positions and contracted positions. Since July 2012, most DSPS IT staff are located at the Division of Enterprise Technology (DET) in the Department of Administration (DOA), and work alongside DET staff. DSPS IT help desk staff are still located at the DSPS office in Madison.

After the DRL and Commerce were merged, certain positions that provide administrative support services (including information systems, budgeting, and accounting services) were budgeted in two ways. Administrative and support services for the regulation of professions ("Program 1") are budgeted directly in each general program operations appropriation. Administrative and support services for the regulation of industry, safety and buildings ("Program 2") are budgeted in a program revenue-service appropriation and funded through charges to those appropriations. For administrative support services provided to Program 2, funding is "double-counted" -- once in the Program 2 operating budgets, and again in the PR charge-back appropriation. Base funding for the administrative charge-back appropriation is \$3,196,400 PR, which includes support for 27.0 PR positions.

GOVERNOR

Delete 10.0 PR positions in DSPS, beginning in 2013-14, to transfer IT staff from DSPS to the Division of Enterprise Technology (DET) in the Department of Administration (DOA). Provide \$1,341,500 PR annually and 10.0 PR positions beginning in 2013-14 in DET.

On the bill's general effective date, 10.0 positions and incumbent employees holding those positions, as identified by the DOA Secretary, would be transferred to DOA. The transferred employees would have all the rights and status they enjoyed at DSPS, and any employees who have attained permanent status in class may not be required to serve a probationary period.

[The Governor also recommends increasing expenditure authority for DSPS IT modernization projects. This proposal is discussed in LFB Issue Paper #571.]

DISCUSSION POINTS

1. IT staff provide help desk services and desktop support, and maintain and develop the agency's IT programs and applications. The Governor recommends permanently transferring 10.0 IT positions from DSPS to DOA, and continue providing IT services to DSPS. In July, 2012, DSPS began a pilot project of having its non-help desk IT staff physically located at DET, and working alongside DET staff. In addition to these 10.0 state staff, DSPS has contracted for 3.0 private IT staff that are also located at DET.

2. The bill would reallocate a total of \$1,126,500 in each year of the biennium from salary and fringe benefit funding from the administrative services appropriation (-\$928,800 and -8.0 positions) and general program operations appropriation for the regulation of professions (-\$197,700 and -2.0 positions) to the administrative services supplies and services budget line.

3. DSPS would use this reallocated salary and fringe benefit funding in combination with \$383,300 in base funding for the 3.0 contracted IT staff to pay for IT services purchased from DET. A total of \$1,509,800 would be available in the supplies and services line of the DSPS administrative services appropriation to pay for those DET charges.

4. The bill would increase DOA's budget by \$1,341,500 PR annually and 10.0 PR positions, beginning in 2013-14. DOA would charge DSPS for the IT services provided by DET. This increase would include an increase of \$840,600 for salary and fringe benefits, and an increase of \$500,900 in supplies and services (for supplies and space costs for the 10.0 state positions, and maintaining the 3.0 IT contractor positions). The administration indicates that the \$1.3 million DOA cost number does not match the \$1.5 million amount available in the DSPS supplies and services line because the actual amount and chargeback rate from DOA to DSPS in the 2013-15 biennium is not yet known.

5. Although IT services would be delivered by DET staff, DSPS would continue to set the agency's IT priorities and communicate with DET to accomplish those projects. Under the current pilot project, DSPS and DET staff meet weekly to review IT issues, and DET staff report monthly to DSPS administrators on the status of any IT projects or work requests.

6. If the Committee approves the provision, DSPS IT staff would be transferred permanently to DOA (Alternative 1). DSPS IT services would be provided by those DET staff, and DOA would charge DSPS for any services provided.

7. The safety and buildings operations appropriation in Program 2 currently supports (and would continue to support) these IT staff costs, due to the way administrative costs are allocated across the Department. However, as discussed in LFB budget paper #579 on safety and buildings staff, revenue projections for that appropriation show a shortfall of approximately \$1.2 million compared to the expenditures authorized under the bill. The Governor's bill does not account for the projected revenue shortfall in the safety and buildings appropriation when budgeting for this IT staff item. Revenues in the safety and buildings operations appropriation are expected to fall well short of authorized expenditures in the 2013-15 biennium, even without these additional IT charges. Even if additional expenditure authority were provided for IT costs for this item, the lack of available revenues would necessitate expenditure reductions in other safety and building areas in to pay for the administrative chargebacks.

8. To accurately implement this IT staffing proposal, a total of \$5,200 annually in adjustments should be made to the Governor's recommendation. In a technical errata letter to this office, DOA indicated that the total amount transferred from the fringe benefit line to the supplies and services line should have been reduced by more than what was budgeted. In addition, the budget as introduced does not reflect the differences in how administrative services are funded in Program 1 (directly from each appropriation) and Program 2 (chargebacks from a single administrative appropriation). Alternative 1 would include the following changes to the bill: (a) a reallocation of \$740,500 annually to Program 1 appropriations that fund administrative costs directly; (b) a reallocation of \$7,400 annually from fringe benefit line in the Program 1 general operations appropriation to the supplies and services line; and (c) \$5,200 annually provided to the fire prevention and fire dues appropriation in Program 2 to pay for administrative chargebacks. No additional expenditure authority would be provided to the safety and buildings appropriation because that appropriation is not projected to have sufficient revenues for any increase in expenditures.

9. Approving the proposal may lead to more efficient provision of IT services to DSPS, since DSPS application development or data storage functions could take advantage of DET expertise and resources.

10. If this transfer is approved, DSPS would no longer directly oversee these IT staff. DSPS does not anticipate encountering any difficulties with accomplishing its ongoing IT goals and completing agency IT projects after transferring these positions to DOA. However, there may be some loss of control for DSPS with respect to IT activities, as DOA would be able to use the 10.0 positions for non-DSPS IT projects. Conversely, other DET staff that are not associated with this transfer could be assigned to DSPS projects if needed (DSPS indicates that this has occurred under the current pilot project).

11. The Committee could decide to delete the Governor's provision, and maintain IT staff at DSPS (Alternative 2). Compared to the bill, DSPS position authority would increase by 10.0 PR positions beginning in 2013-14, and DOA's budget would be reduced by \$1,341,500 PR in

annually (that would have been charged to DSPS for IT services) and by 10.0 PR positions beginning in 2013-14. Any potential efficiencies that DSPS and DOA anticipate from the position transfer would not be realized.

12. In addition to the 10.0 positions that would be transferred to DOA, DSPS currently has 5.0 vacant IT positions, four of which have been vacant for over a year. DSPS indicates that it does not intend to fill these positions at this time, although it may do so at some point in the future. In addition to either of the other alternatives, the Committee could delete these vacant positions from the DSPS budget (Alternative 3). This would reduce the DSPS budget by \$385,200 PR annually, and delete 5.0 PR positions beginning in 2013-14. If the Administration determined that there was a need for additional IT staff at DSPS at some time in the future, it could request that authority from the Legislature and provide a justification for that increase.

13. DSPS recommends maintaining the position and expenditure authority associated with these 5.0 vacant positions for the following reasons: (a) there still may be a need for some IT work done by DSPS staff in the future (for instance, as an IT liaison with DET), and DSPS may want to fill these positions to meet that need; (b) the agency may want to use this position authority for other agency administrative needs; and (c) DSPS will be better able to determine the need for these positions after the DET position transfer occurs, and after the IT modernization initiative discussed in LFB Issue Paper #571 is underway.

ALTERNATIVES

1. Approve the Governor's recommendations to transfer 10.0 IT positions to DOA. In addition, increase funding by \$5,200 PR annually in DSPS to incorporate the change discussed in the DOA errata letter, and to accurately reflect the way administrative costs are budgeted in DSPS appropriations.

ALT 1	Change to Bill Funding
PR	\$10,400

2. Delete the Governor's recommendation. Provide 10.0 PR positions beginning in 2013-14 in DSPS, and delete \$1,341,500 PR annually and 10.0 PR positions beginning in 2013-14 in DOA.

ALT 2	<u>DSPS</u>		Change to Bill <u>DOA</u>		<u>Total</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	10.00	-\$2,683,000	- 10.00	-\$2,683,000	0.00

3. In addition to Alternative 1 or 2, reduce funding by \$385,200 PR annually, and delete 5.0 PR positions beginning in 2013-14 to eliminate vacant DSPS IT positions that administration does not recommend be transferred to DOA.

ALT 3	Change to Bill	
	Funding	Positions
PR	- \$770,400	- 5.00

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