

# MAJOR BUDGET POLICIES 2013-15

## BUDGET TARGETS

- Agencies should prepare their 2013-15 biennial budget requests based on 100 percent of their fiscal year 2012-13 adjusted base level minus the annualized amount of their total 2011-13 biennial GPR lapse related to 2011 Wisconsin Act 32, Section 9255(1)(b). In addition, as required under Section 9255(1)(e)2. of Act 32, agencies must prepare their biennial budget requests to include reductions to their GPR appropriations to reflect the GPR lapses included under Section 9255(1)(d) of Act 32.
- The 2013-15 biennium will present many fiscal challenges brought on by global economic conditions and the continued slow national economic recovery. Addressing these challenges will be the overriding factor in GPR spending decisions for the next budget. As such, there will need to be restraint and reductions in most GPR appropriations in the next budget.
  - In addition to making the lapses permanent, all agencies should assume there will be zero growth in overall GPR appropriations in each fiscal year during the 2013-15 biennium, and specific program needs should be managed within this general constraint.
  - Exceptions will occur only for K-12 school aids; required basic cost-to-continue needs for the state's institutions, i.e., the Department of Corrections and the Department of Health Services institutions; entitlement and related assistance programs in the Department of Health Services (e.g., Medical Assistance), the Department of Children and Families' Division of Safety and Permanence, and the Department of Workforce Development's Division of Vocational Rehabilitation; and housekeeping adjustments like standard budget adjustments, fuel and utilities, and debt service.
  - All agencies that were assigned lapse amounts in the schedule shown in Section 9255(1)(d) of Act 32 must submit a budget request that reduces their GPR appropriations by the GPR portion of the lapses (the difference between the 2011-13 fiscal biennium listed annual amount and the 2013-15 fiscal biennium listed annual amount). This adjustment is required under Section 9255(1)(e)2. of Act 32.
- Under Act 32, the Department of Administration secretary is authorized to lapse or transfer \$174.3 million to the general fund in the 2011-13 and 2013-15 biennia. Agencies have submitted plans for fiscal year 2011-12 and will receive additional information for submitting plans to meet the lapse requirement for fiscal year 2012-13. The GPR portion of the reductions must be built into agency requests for the 2013-15 biennium to make the reductions permanent.
  - The amount of assigned lapse differs between fiscal years in the 2011-13 biennium, but agencies should allocate the reductions to reflect an equal split between fiscal years in the 2013-15 biennium (i.e., half of the 2011-13 biennium's amount in each fiscal year of the 2013-15 biennium).
  - If an agency plans to allocate any portion of its reduction to the permanent or project position salary and/or fringe benefit lines, a corresponding reduction in position authority must be made.

- Agencies will be notified separately of their target reductions related to this item.
  - The remainder of the \$174.3 million biennial lapse requirement for 2013-15 (i.e., the PR transfer portion) will be allocated out to agencies in the next biennium, so agencies should plan accordingly.
  - The Department of Justice, University of Wisconsin System, Department of Children and Families, Department of Workforce Development and the Office of State Employment Relations will not be required to make these reductions; however, the zero growth limitation and Section 9255(1)(c), (d) and (e)2. lapses and reductions do apply to these agencies.
- The zero growth policy will also apply to the SEG-funded administrative operations appropriations in all agencies that are supported by the transportation fund, the conservation fund, the environmental fund and the lottery fund.
  - Agencies are reminded that the program revenue (PR) transfer requirements under Section 9255(1)(c) and (d) of Act 32 continue into the 2013-15 biennium. Agencies should plan accordingly to ensure sufficient funds are available to meet these annual transfers.
  - Funding requests for other types of appropriations and other funding sources in both years should be limited to revenue availability and only the highest priority programmatic needs.
  - Except for standard budget adjustments, routine budget items should be handled in agencies' base budgets regardless of fund source.
  - Proposals that transfer functions or programs, including related costs and staff, between agencies should result in zero growth in overall state appropriations (i.e., the transferring agency should have lower overall appropriations to offset the increase at the receiving agency). All agencies involved in the transfer should notify the State Budget Office during the initial stages of considering any such proposal to facilitate review of the request and allocation of any projected savings between the agencies.

## **PLANNING FOR REDUCTIONS**

- Agencies should use this exercise to fundamentally review missions and priorities, exploring opportunities to reallocate resources, integrate programs and consolidate functions.
- Where reductions and efficiencies in state operations result in reductions in positions, agencies should avoid filling vacancies and make other plans to accomplish this reduction without layoffs.
- Any areas needing additional staff must be met through base reallocations.

Note: Agencies must receive approval from the State Budget Office before proposing to use funding sources in another agency to stay within budget targets, to absorb operations' reductions or to fund any new initiatives.

## **PERFORMANCE MEASUREMENTS IN BUDGETING**

- Agencies need to report on the performance measures they identified for previous biennial budgets. These measures should relate to agencies' broad Chapter 20 budget programs. If needed to capture significant shifts in agency function, additional measures could be added; however, only a few measures should be presented so there is a clear focus on results.
- For the 2013-15 budget, agencies need to report actual outcome measures through fiscal year 2010-11 and fiscal year 2011-12. Planned outcome measures should be listed for fiscal year 2012-13, fiscal year 2013-14 and fiscal year 2014-15. Agencies should track and maintain data going forward to present actual performance data for a fiscal year compared to planned performance. (A calendar year may be used if data is collected on that basis. Please note where calendar years are used.)
- The State Budget Office will include performance measures developed by an agency in the Executive Budget Book, and agencies should reference measures in decision items, where relevant.
- Agency descriptions and performance measures will be included in the state budget system and must be updated in that system. It is important for agencies to follow the prescribed format to ensure consistency and compatibility.

## **BUDGETING FOR INFORMATION TECHNOLOGY**

Requests for funding of information technology projects should identify the link between the project and the state's business goals, conformity to the Department of Administration's Policies and Procedures for Information Technology Management, and provide specific information about each project, including executive sponsorship. Consistent with information technology strategic planning, project definitions must include a standard return on investment (ROI) calculation.

## **BUDGETING FOR DEPARTMENT OF ADMINISTRATION RATE CHANGES**

Agencies should not reflect anticipated rate changes from the various divisions within the Department of Administration in their 2013-15 budget requests. Forecasting of rates and impacts on individual agency budgets will be addressed by the Department of Administration in developing the Governor's 2013-15 budget.

## **FEDERAL FUNDS**

The state has a goal of increasing the ongoing receipt of federal funds where the use of federal funding is consistent with state program goals. In order to increase the amount of federal funds received, agencies should conduct the following review:

- Examine existing grant awards to ensure that they are fully utilized and consistent with agency priorities. If unexpended grant authority is available, the agency should reallocate the funds to other activities to the extent possible under state and federal rules.

- Agencies may also identify, in the form of a policy paper submitted on September 17, additional federal grant opportunities that were not included in the agency's request. Such opportunities may be considered for funding by the State Budget Office during budget deliberations.

## **STATUTORY LANGUAGE GUIDELINES**

- Agencies should seek to limit policy items unrelated to appropriation changes for inclusion in the Governor's budget.

Note: Please contact your State Budget Office analyst to discuss whether a particular initiative is appropriate for submission as a budget request.

- Agencies should not submit extensive lists of technical or housekeeping changes for inclusion in the Governor's budget. Proposed changes for separate nonbudget legislation can be submitted to the State Budget Office for review and approval, separate from the budget request.

Note: Please contact your State Budget Office analyst if these types of changes are sought.

- As in past budgets, prior to September 17, agencies may work directly with the Legislative Reference Bureau in preparing statutory language items related to the budget. After September 17, all drafting and redrafting requests related to the budget must come from the State Budget Office.
- The Legislative Reference Bureau strongly discourages agencies from submitting budget bill drafts that agencies have drafted. Instead, agencies should submit memoranda identifying what they are seeking to accomplish.
- The detailed budget instructions will provide more information on statutory language submittal requirements.

## **BUDGET SUBMITTAL DUE DATES AND PROCEDURES**

- Formal budget requests are due Monday, September 17, 2012. Send four (4) copies to the State Budget Office and two (2) copies directly to the Legislative Fiscal Bureau.
- State Budget Office staff will be available to meet with individual agencies to explain budget policies and procedures, and discuss any agency concerns.
- Implementation of the new budget development system may result in changes in policies and procedures. Additional information will be forthcoming on any changes.

## **INFORMATION ON THE WEB**

- The Budget Instructions will be available on the State Budget Office Web site at <http://www.doa.state.wi.us/debf/index.asp>.
- Periodic information updates will be posted to this Web site and the State Budget Office SharePoint site, so agencies should check these sites regularly.