



## MAJOR BUDGET POLICIES 2019-21

### BUDGET TARGETS

- Agencies should prepare their 2019-21 biennial budget requests based on 100 percent of their fiscal year 2018-19 adjusted base.

Note: All agencies should assume there will be zero growth in overall GPR appropriations in each fiscal year during the 2019-21 biennium, and specific program needs should be managed within this general constraint.

Note: 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 Division of Milwaukee Child Protective Services, and the Department of Workforce Development's Division of Vocational Rehabilitation; and housekeeping adjustments like standard budget adjustments, fuel and utilities, and debt service.

- 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.
- 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.
- Agencies should not submit requests related to anticipated changes to existing systems or processes that may result from the State Transforming Agency Resources (STAR) project.
- In developing their biennial budget requests, agencies should fundamentally review missions and priorities, exploring opportunities to reallocate resources, integrate programs and consolidate functions.

Note: All agencies should ensure both existing and newly proposed programs align with the agency mission and core work. Existing programs that are not core to the agency mission should be communicated to the State Budget Office during base budget review.

- 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.

- 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.

## **BASE BUDGET REVIEW REPORTS**

- Pursuant to s. 16.423, Wis. Stats, all state agencies, meaning any office, department or independent agency in the Executive Branch, the Legislature and the Courts, are required to submit a base budget review report with their 2019-21 budget requests and no later than May 15 in even numbered years in every biennium thereafter. These reports are required to include:
  1. A description of each appropriation of the state agency.
  2. For each appropriation, an accounting of all expenditures in every quarter in each of the previous 3 fiscal years.
  3. For each appropriation, an analysis of whether it contributes to the mission of the agency and whether the objectives of the appropriation justify the expenditures.
  4. For each appropriation, a determination of the minimum level of funding needed to achieve its objectives not to exceed the prior fiscal year's adjusted base and an accounting of the appropriation's current funding.
  5. A description of the agency mission or guiding principles.
- These reports will be summarized in the November 20 report and in the Governor's biennial state budget report to the Legislature.
- The State Budget Office has created an on-line state expenditure reporting tool to improve the transparency of the state's finances. This tool will also assist with base budget review reports. The tool includes each state agency appropriation, a link to its statutory description, and its expenditures by quarter dating back to fiscal year 2015-16.  
<http://openbook.wi.gov/ExpenditureDetailReport.aspx>
- The State Budget Office will prepare prepopulated base budget review report worksheets for each state agency. The adjusted base will be filled in after it is set through base reconciliation. There will be a section to include the agency mission as well as a section to list appropriations that do not contribute to the agency's mission, whether the appropriation's objectives justify its expenditures, and whether the objectives can be achieved with funding

below the adjusted base amount. The agency mission will be prepopulated with the current mission. It can be updated by the agency if the mission has changed. Worksheets are expected to be distributed upon completion of the base reconciliation process, which sets the adjusted base.

## **ACT 201 REQUIREMENTS**

- All agencies, excluding the Legislature and the Courts, are required to include proposals for a state operations budget for their agency under each of the following scenarios:
  1. Meet a zero-growth target in each fiscal year of the 2019-21 biennium.
  2. Reduce the agency's state operations budget by 5 percent from its fiscal year 2018-19 adjusted base in each fiscal year of the 2019-21 biennium.
- The budget proposal targets do not include federal appropriations or debt service appropriations.
- The targets do not allow for the exceptions listed in the Budget Targets Section above, other than standard budget adjustments.
- The targets must be achieved within the state operations portion of the agency's budget. Any proposed changes to local assistance or aids to individuals and organizations appropriations are not included in the calculation of whether an agency meets the targets.
- Agencies will be provided with agency-specific targets and a template for the proposal upon completion of the base reconciliation process, which sets the adjusted base.

## **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 2019-21 budget, agencies need to report actual outcome measures through fiscal year 2016-17 and fiscal year 2017-18. Planned outcome measures should be listed for fiscal year 2018-19, fiscal year 2019-20 and fiscal year 2020-21. 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 are 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.
- New information technology projects will only be considered if they have been reviewed and approved by the Department of Administration, Division of Enterprise Technology pursuant to s. 16.976, Wis. Stats.

## **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 2019-21 budget requests. Forecasting of rates and impacts on individual agency budgets will be addressed by the Department of Administration in developing the Governor's 2019-21 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. The state also has a goal of gaining flexibility from federal mandates relating to federal awards. To increase the amount of federal funds received and to provide the state with more flexibility, agencies should conduct the following review:
  1. 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.
  2. Agencies may also identify 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.
  3. Agencies may also identify federal waiver opportunities. These waivers should align with the Governor's policy priorities. These will be submitted to the State Budget Office for review 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 an 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 15, agencies may work directly with the Legislative Reference Bureau in preparing statutory language items related to the budget. After September 15, all drafting and redrafting requests related to the budget must come from the State Budget Office.
- 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, 2018. 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.

## **INFORMATION ON THE WEB**

- The Budget Instructions will be available on the State Budget Office Web site at <https://doa.wi.gov/Pages/StateFinances/CurrentBiennialBudget.aspx>.

Note: Periodic information updates will be posted to this Web site and the State Budget Office SharePoint site, so agencies should check these sites regularly.