



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

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Date: February 12, 2008
To: State Agency Heads
From: Michael L. Morgan *MLM*
Secretary

Subject: Additional Cabinet Agency Appropriation Lapses.

Given current economic indicators signaling a possible national recession and preliminary estimates of weakness in state tax collections, cabinet agencies will be required to make additional reductions in fiscal year 2008-09 as part of a larger effort to address a potential general fund deficit. Under 2007 Wisconsin Act 20 (the 2007-09 biennial budget), the Department of Administration was directed to lapse or transfer \$200 million over the biennium from state agency appropriations. These amounts were allocated to agencies in November 2007 and agencies submitted plans to the Department of Administration to implement the fiscal year 2007-08 lapse target of \$100 million.

In light of anticipated revenue shortfalls compared with estimates used in Act 20, all lapses from GPR appropriations in cabinet agencies will be made under the Department of Administration lapse authority under s. 16.50, Wisconsin Statutes. An additional lapse of three percent of cabinet agencies state operations appropriations in fiscal year 2008-09 will generate approximately \$5 million in GPR savings over the biennium.

Cabinet agencies with non-GPR appropriations will also be required to lapse an additional \$12 million in fiscal year 2008-09 above the original allocation. This lapse will be implemented using the \$200 million authority under Act 20.

These actions will increase the general fund balance by \$111 million compared with Act 20. An allocation schedule for the additional lapses in fiscal year 2008-09 is detailed in Table 1. In addition, the net benefit to the general fund of \$111 million assumes that the Department of Administration will identify \$94 million in state agency reductions in order to fully implement the \$200 million lapse required in Act 20 (see Table 2).

Please contact me or the State Budget Director, David Schmiedicke, with any questions. Thank you for your efforts.

Table 1
Additional Reductions in FY09

<i>Agency</i>	<i>3% ATB Allocation for Cabinet Agencies</i>
Department of Administration	\$3,549,800
Department of Agriculture, Trade and Consumer Protection	\$554,100
Department of Commerce	\$383,300
Department of Corrections	\$1,164,300
Department of Financial Institutions	\$498,800
Governor's Office	\$115,200
Department of Health and Family Services	\$2,431,200
Office of the Commissioner of Insurance	\$2,555,100
Lieutenant Governor's Office	\$12,100
Department of Natural Resources	\$2,383,800
Office of State Employment Relations	\$147,600
Department of Regulation and Licensing	\$195,300
Department of Revenue	\$2,511,800
Department of Tourism	\$108,100
Department of Workforce Development	<u>\$430,100</u>
TOTAL	\$17,040,600

Table 2
s. 16.50 Lapses and Act 20 Lapse Requirement

	<u>FY08</u>	<u>FY09</u>	<u>2007-09</u>
<u>Lapses under s. 16.50 Authority</u>			
Cabinet Agency GPR from Agency Plans to Implement \$200 Million Lapse Requirement	\$53	\$53	\$106
Additional 3% GPR on Cabinet Agencies	<u>0</u>	<u>5</u>	<u>5</u>
	\$53	\$58	\$111
<u>Revised Allocation under Act 20 \$200 Million Authority</u>			
Previously Allocated Amounts	\$47	\$47	\$94
Additional 3% from Cabinet Agencies non-GPR Appropriations	0	12	12
Allocation to be Determined	<u>53</u>	<u>41</u>	<u>94</u>
	\$100	\$100	\$200

cc: Bob Lang, Legislative Fiscal Bureau