

State of Wisconsin\Government Accountability Board

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March 11, 2015

The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

The Honorable John Nygren, Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

Subject: Government Accountability Board 2015-17 Biennial Budget

Dear Senator Darling and Representative Nygren:

The undersigned members of the Government Accountability Board (G.A.B.) ask that the Joint Committee on Finance adopt the following changes to the Governor's proposed budget as it affects the G.A.B.

1. Exempt the G.A.B. from the Shared Agency Services Pilot program or at a minimum reduce the number of financial positions eliminated from the agency's base budget by one.
2. Exempt the G.A.B. from the unilateral transfer of information technology (IT) assets and liabilities to the Department of Administration (DOA) or at a minimum delay the transfer for at least one fiscal year in order to avoid driving up the costs and jeopardizing the completion schedule of our voter registration modernization project.
3. Provide \$176,800 in GPR funding for the G.A.B. to pay for IT related costs for the development and maintenance of software applications related to lobbying, statements of economic interests and campaign finance. In the alternative, we request you provide at least half that amount (\$88,400) to ensure continuity of the lobbying, campaign finance and statement of economic interests applications which are vital to the delivery of the agency's services to our customers.
4. Restore \$96,900 in GPR funding in FY-17 to the agency budget for the costs of the voter registration file maintenance confirmation mailings or insert statutory language specifically authorizing the G.A.B. to collect the costs of voter registration mailings from municipalities.
5. Restore \$34,000 in GPR funding to cover the costs of Board Member per diems.

Please consider the following information in support of our request.

We are grateful that the Governor's budget addresses the single biggest agency concern related to the viability of election administration in the State of Wisconsin – continued authorization of 22 federally-funded positions that are the backbone of the state's election administration responsibilities. Since the imposition of federal mandates for a single statewide voter registration system and accessible voting systems, along with a host of new state election administration requirements, the G.A.B. has been responsible for leading and supporting local election officials in the vital responsibility to conduct accessible, accountable, fair and transparent elections.

These 22 positions are integral to carry out these statutory duties. However, we would be remiss if we did not remind the Committee that the one-time authorization means that in the next budget it will be imperative to secure a sustainable source of funding for these positions when the federal HAVA funding runs out. Without these positions, the agency would only have four FTE positions assigned to election administration responsibilities. It will not be possible to administer the requirements of current federal and state laws with a staff of that size.

Shared Agency Services Pilot Program

The biggest challenge for the G.A.B. in the budget is the proposed Shared Agency Services Pilot Program, which will consolidate administrative functions including budget, finance, human resources, payroll, procurement and information technology. The known impacts of this budget recommendation are that our two financial positions (Accountant and Financial Specialist 3) will be deleted and that DOA will charge the agency for services it is to provide in these areas. There are no known cost savings from this proposal because salary and fringe benefit costs associated with these employees will be used to pay DOA to replace these services, while the level of service significantly decreases.

Sound management principles would suggest that strategic planning take place first before implementing such drastic change. However, no strategic thinking is apparent. The agency has not been given an implementation plan and it is unknown at this time how DOA plans to manage these services.

There are some very real problems associated with this proposal, not the least of which is the risk and uncertainty associated with the financial and programmatic implications for the agency. There is no comparison to having onsite fiscal services and federal grants staff. Both positions provide federal grants management and other program services, which DOA is not intending to provide. The Accountant position functions as the grants manager for the agency, ensuring that federal grants awarded are properly set up and managed, grant money is only spent in compliance with voluminous OMB regulations, and required reports are submitted to the federal government. The federal audit risks alone are significant, especially if there were no grants manager to ensure federal compliance.

The Financial Specialist position also functions as program staff for the agency. This person manages purchasing and procurement for the agency, ensuring that goods and services are purchased in a manner compliant with state procurement rules. This person is also responsible

for administering the Contract Sunshine program and website. This website provides information to the public about state contracts greater than \$10,000. The Financial Specialist is also the agency's forms and records manager. Without this position, there will not be a dedicated staff person to ensure compliance with state statutes in these various program areas.

In addition to managing financial and procurement services, DOA is currently in the process of developing and trying to roll out the STAR project, which is an enterprise-wide system to consolidate and replace multiple outdated human resources, procurement and financial systems.

The Shared Agency Services Pilot Program will directly impact the agency's ability to implement the STAR project. The finance, procurement and budget portions of the application are scheduled to be released this July, concurrent with the evaluation, planning and implementation of the HR, Payroll, and Time and Labor modules, which are scheduled to go live on January 1, 2016. The two financial positions serve as subject matter experts for both releases of this project, and without them, the implementation of this project at the agency level will be severely disrupted.

It is unclear what, if any, financial functions will remain at the agency level, though some programmatic intervention in the process will be necessary to ensure that payments are made timely and are paid from the appropriate federal grants and state funds. Program revenue cash will continue to be received at the agency level and program staff will need to ensure that this revenue is recorded and deposited into the appropriate funds. Segregated-Federal program income and GPR Federal Aid revenues must be properly applied to each respective federal grant.

The deletion of our financial positions at this stage of the STAR project adversely impacts the agency's abilities to function. In the area of finance, June 30 is the close of our fiscal year. Agency financial staff is required to close out the fiscal year-end books and create operating budgets for the new fiscal year. All of this work will come to a standstill on June 30, 2015 and the repercussions will be critical. We are also concerned about internal controls, especially any segregation of duties, which would no longer be monitored, risking state and federal audit compliance problems.

In the area of procurements, we are extremely concerned about timely processing of purchasing requests because we will have to rely on DOA to replace those services. It is unclear what level of service will be provided nor how long the process will take. Without financial staff and a clearly developed plan by DOA, we are not at all confident this consolidation will work.

Grants will no longer be properly managed, including Help America Vote Act Sections 101, 251, and 261 funds, and the Department of Defense FVAP grant. No staff will be available to provide fiscal support for pre-award grant applications or to administer these grants and to comply with OMB regulations. The federal audit risks are immense, from fines and penalties for noncompliance, to GPR repayment of disallowed federal spending.

The deletion of two financial positions may be premised on the idea that state agencies are providing duplicative services that can be more efficiently delivered from a centralized

operation. In small agencies such as the G.A.B., this ignores the reality these services cannot be provided without a close working relationship with programmatic staff. These positions serve as more than financial staff, and without them, other staff would need to divert time spent on elections and ethics duties to manage financial and procurement tasks. Given the fact DOA is located in a separate building and its staff does not know G.A.B. programmatic responsibilities, there will be significant inefficiencies created in communication and execution of duties. Because DOA will just be beginning the transition to providing financial services under the pilot program, it is difficult to fathom how DOA could effectively replace these services and at what cost, based on the lack of information available from DOA at this time.

Request

We respectfully request that the G.A.B. be exempted from this pilot program due to the concerns noted above. If the agency is not exempted, we request that the agency be permitted to at least keep one of the two positions to carry out the vital program and administrative functions that are essential to the agency's statutory mission – duties currently carried out by these positions, in addition to the financial responsibilities that they perform.

Transfer of Information Technology Services to DOA

Over the past five years, G.A.B. staff has created an in-house IT team that provides services to both divisions of the agency. The Department of Administration's Division of Enterprise Technology (DET) has pointed to the G.A.B. IT team as a model that could be adopted by other agencies due to the efficiencies and high level of effectiveness that the current structure provides. This model was developed over time based on G.A.B.'s experience with DET, and with DET's full knowledge and support.

The contracted IT team was developed to provide direct accountability to the G.A.B. and a level of collaboration and innovation that would prove challenging to be met by any other IT structure. While the G.A.B. continues to rely on DET for IT infrastructure hosting services, the agency IT team is dedicated full time to developing, maintaining and improving G.A.B.'s IT solutions. The team members have extensive understanding of and experience with all of our systems, based on continuously working with them and with the program subject matter experts on a daily basis.

Especially because the G.A.B. is a smaller state agency, its IT applications are crucial to the agency's success in continually making agency operations more efficient and effective. The G.A.B. successfully maintains several applications and Internet websites:

- The **Campaign Finance Information System**: a web-based reporting system that allows candidates and other political committees to report contributions and expenses, allows staff to audit those statutorily required reports, and allows the public access to view the information.
- The **Statewide Voter Registration System**: a comprehensive election management system used by G.A.B. staff and more than 2,000 state and local election officials to process and update voter registration files, share data with other agencies while registering voters and detecting potential voter fraud, create and print accurate poll

books, complete and document various election administration tasks, and track information about candidates and absentee ballots.

- **Microsoft Dynamics CRM:** applications which permit the completion of statutorily-required processes to conduct voter record maintenance of registered voters who have not voted in the past four years, match data with the Department of Corrections, conduct an audit of felons who have voted, and track the status of provisional ballots and outstanding absentee ballots.
- **MyVote Wisconsin:** a website that permits electors to initiate a new voter registration and provides the general public with access to information about their own voter registration and voting history, local polling place and clerk contact information, offices on their ballot at upcoming elections, and also allows military and overseas voters to request and receive their ballot electronically.
- **The Canvass Reporting System:** a web-based database which is used by county and municipal clerks to report election results to the Board.
- **The Wisconsin Electronic Data Collection System:** a web-based database through which local clerks submit election statistics and costs of conducting elections to the G.A.B. electronically.
- **BADGER Voters:** a web-based application through which users may request, purchase and download voter registration and election participation data from the statewide voter registration system.
- **Access Elections:** a web-based application which tracks accessibility audits of polling places and provides a portal for local clerks to view and process audit findings related to their local polling places.
- **Eye on Lobbying:** an award-winning web-based reporting system that allows lobbyists and lobbying principals to submit statutorily required reports, allows these reports and the data they contain to be publicly viewable and allows staff to conduct audits.
- **Eye on Financial Relationships** website: permits the general public to learn the financial relationships reported by state public officials and discover the officials who have identified a financial relationship to a specific business or organization.
- **The Contract Sunshine** website: permits the general public to access information about every state contract, purchase, and solicitation of bids or proposals that involves a biennial expenditure of \$10,000 or more.
- **The agency's main website:** hosts comprehensive and current information for local election officials, candidates and political committees, lobbyists, public officials, the media, voters and the public regarding all laws and subjects under the agency's jurisdiction, and which requires continual updating and management.

Many of these applications require a daily focus to process requests, monitor compliance with required tasks and data entry, provide customer service and troubleshooting, and develop and implement immediate fixes and long term solutions, all of which is accomplished currently with the G.A.B.'s in-house IT team.

G.A.B. staff has substantial concern that under the proposed transfer of IT functions there will be a significant negative impact on the ability of the G.A.B. to serve its customers and effectively administer the laws under its jurisdiction. G.A.B. staff developed its current IT model because DET was not able to maintain the agency's IT applications or develop applications fitting our needs effectively and efficiently. Staff had repeated experiences with DET working on projects that experienced unnecessary and prolonged delays, did not meet our requirements, exceeded projected costs and created challenges for our IT team to subsequently untangle coding problems. Unfortunately, G.A.B. staff anticipates that reverting back to an IT development and maintenance model provided by DET would lead to lower levels of efficiencies, diminished levels of effectiveness, increased costs and decreased levels of accountability for the G.A.B.

It is also important to note that the Elections Division is in the midst of modernizing the Statewide Voter Registration System (SVRS) which will completely overhaul the existing system and make it more efficient, robust and user-friendly. SVRS is a very complex system that serves every election district in the state and interfaces with many other technical applications. It is used by more than 2,000 external users, and the G.A.B. provides integrated training and ongoing customer service to these local election officials, often tailored to the specific type of election which is being administered. This modernization project requires a great amount of institutional knowledge from both the business and IT sections of our operations, which has taken years to develop and cannot be picked up and absorbed easily or quickly. The new system is scheduled to launch at the end of the 2015 calendar year, and any structural IT change would certainly have an adverse effect on the overall project and projected timeline and cost.

Under the proposal, G.A.B. would be responsible for paying DET to learn the numerous and complex IT applications currently supported by the G.A.B.'s internal IT team. Staff believes this would be highly inefficient because the current IT structure already contains the necessary institutional knowledge that took many years to create. Additionally, the proposal would add additional levels of bureaucracy by adding DET into the process for IT maintenance and support. It would take an exorbitant amount of time and constant hand-holding by G.A.B. staff to explain the very complex statutory and IT requirements for all agency operation needs. This would lead to higher agency costs and lower levels of efficiency for the G.A.B. This was not budgeted for and would negatively impact agency functions.

The benefit of the current IT model employed by the G.A.B. is that staff is able to promptly respond to customer needs when an IT issue is identified. DET does not have this same level of understanding or experience with our technical applications, and requiring all IT services to be provided by DET would lead to diminished levels of effectiveness, and would impact the work of local election officials and agency constituents and partners.

The decreased level of accountability the G.A.B. would have under this proposal is equally concerning. Currently, the IT team is directly accountable to agency staff, the management

team and the Board. Under this proposal, the G.A.B. would have no ability whatsoever to directly control any aspect of IT support, development or maintenance. DET would be able to independently assign IT staff as it sees fit, based upon its available resources and commitments to other agencies, leaving G.A.B. IT initiatives vulnerable to being delayed and unresolved. Also, G.A.B. would have no ability to negotiate service costs as determined by DET. It is very likely that costs for the G.A.B. will increase and G.A.B. will be unable to negotiate for a service that is expected to provide a decreased level of IT support in comparison to our current IT structure. Because of its prudent management of federal funds, the G.A.B. has projected that it can fund its HAVA-funded positions through the 2017 fiscal year. The uncertainties, inefficiencies and increased costs involved with the proposed pilot program will accelerate the depletion of those federal funds.

The lack of concrete and consistent answers to our questions and concerns from DET has been extremely frustrating. There has been no analysis completed that has been shared with the G.A.B. as to whether DET is capable of providing the services required by this agency. There has been little analysis or understanding by DET of the impact of the proposal on G.A.B. programs and services. And there has clearly been no thought given to the potential risks and complications to the G.A.B.'s effectiveness, based upon the conflicting and changing answers we have received from various DOA representatives. There has also not been any proposed method or standard for determining whether the pilot program is successful. That lack of planning and preparation signals a significant risk to the effective administration of G.A.B. operations which require proper timing and coordination by many different actors.

Request

We request the Joint Committee on Finance exempt the G.A.B. from the unilateral transfer of information technology (IT) assets and liabilities to the Department of Administration (DOA) or at a minimum delay the transfer for at least one fiscal year in order to avoid driving up the costs and jeopardizing the completion schedule of our voter registration modernization project.

Funding for Ethics and Accountability IT Support

The Governor also did not approve funding a full-time contract IT resource for the Ethics and Accountability Division to continue supporting and maintaining the Division's IT infrastructure.

Currently, the agency has a dedicated IT contract employee who is critical to the operation of the Ethics and Accountability Division. The G.A.B. has been able to fund this contractor through this point with budget savings, but without funding in this budget the agency will be unable to pay for these services. The contractor plays a crucial role in developing and maintaining two of the Ethics Division's transparency websites:

- **Lobbying System** (Lobbying.wi.gov). Eye on Lobbying was partially developed by DET in 2011, but had to be completed by our current IT contract employee, who maintains and enhances the application, including development of the FOCUS subscription service. It is hosted on state web servers supported by DOA.

- **Statement of Economic Interest System** (ethics.state.wi.us/EOFR/Pages/). The Eye on Financial Relationships needs to be totally redeveloped. It was developed many years ago, and allows users to explore some data contained in SEI filings without permitting online access to the actual SEI forms. It is currently hosted by a private vendor and maintained by our current IT contractor. The system is functionally obsolete and needs to be overhauled to permit online filing of SEI forms and better display of information in the system.

Finally, the contractor has a role in troubleshooting for the Division's Campaign Finance Information System (CFIS.wi.gov), which was developed in 2008 by a private vendor (PCC), and is maintained through a monthly service contract. It is hosted on state web servers supported by DOA.

These costs cannot be absorbed in the existing budget. The agency needs a revenue stream to pay for DOA to provide these services. DOA would likely contract out these services as it has done with our previous IT projects.

Request

We request the Joint Committee on Finance provide \$176,800 in GPR funding for the G.A.B. to pay for IT related costs for the development and maintenance of software applications related to lobbying, statements of economic interests and campaign finance. In the alternative, we request at least half that amount (\$88,400) to ensure continuity of the lobbying, campaign finance and statement of economic interests applications which are vital to the delivery of the agency's services to our customers.

Funding for Biennial Maintenance of Voter Registration List

In the last legislative session the G.A.B. was charged with the responsibility of conducting the mailings for the four-year voter file maintenance. This task had been the responsibility of municipal clerks, but was not being consistently done by clerks prior to the implementation of the Statewide Voter Registration System (SVRS).

The Governor did not approve funding for the cost of this process. The agency will have to utilize \$96,900 in dwindling federal funds or find other ways to pay for this. One alternative is to provide the agency with clear authority to recoup the costs of the voter list maintenance from municipalities. While voter list maintenance can be done more efficiently by the G.A.B, ultimately the responsibility for voter list maintenance rests with municipalities, which should contribute to the cost of carrying out this responsibility.

Request

We request the Joint Committee on Finance restore \$96,900 in GPR funding in FY-17 to the agency budget for the costs of the voter registration file maintenance confirmation mailings, or insert statutory language specifically authorizing the G.A.B. to collect the costs of voter registration mailings from municipalities.

Board Member Per Diems

The Governor did not approve additional funding for Board Member per diems and meetings as requested. As a result, the agency will have to absorb additional Board meeting costs. This amounts to an estimated \$34,000 over the biennium. This may appear to be small change, but most of our resources are devoted to the fixed costs of salaries, rent and IT infrastructure charges. We have very little flexibility with other costs such as printing and staff training to reallocate to paying anticipated per diem costs for Board Members.

The Board has come under criticism from the Legislature. The Board has responded by scheduling additional meetings and requesting more detailed information from the staff to improve its participation and oversight. If the Legislature wants the Board to be more actively involved in running the agency, the Board must meet more often and spend more time reviewing materials. Limiting funds available to compensate Board Members for doing the job entrusted to them by the Legislature runs counter to current legislative priorities.

Request

We ask the Committee to restore \$34,000 in GPR funding to enable the agency to fully fund Board Members per diem payments in the coming biennium.

Conclusion

The focus of the current budget initiative is to streamline state government, making it more efficient and accountable. The Government Accountability Board has been ahead of the curve in this area. As a small agency with limited resources, the G.A.B. has delivered on a robust agenda that has been nationally recognized for its services to voters and participants in the electoral process. We are requesting some minor accommodations to ensure our ability to deliver services to Wisconsin voters and taxpayers as expected by the Legislature.

Thank you for your consideration and favorable action on our requests for changes to the Governor's proposed budget. We hope to discuss these concerns with you and will contact you for an appointment.

Respectfully submitted,

Government Accountability Board

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Judge Gerald Nichol, Chair

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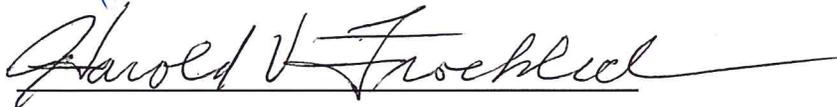
Judge Elsa Lamelas, Vice Chair

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Judge Thomas Barland, Secretary

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Judge John Franke, Member

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Judge Harold V. Froehlich, Member

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Judge Timothy Vocke, Member