

State of Wisconsin\Government Accountability Board

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JUDGE GERALD C. NICHOL
Chairperson

KEVIN J. KENNEDY
Director and General Counsel

MEMORANDUM

DATE: For the March 4-5, 2015 Meeting

TO: Members, Wisconsin Government Accountability Board

FROM: Kevin J. Kennedy, Director and General Counsel
Wisconsin Government Accountability Board

Prepared by: Kevin J. Kennedy, Director and General Counsel
Sharrie Hauge, Chief Administrative Officer

SUBJECT: 2015-17 Biennial Budget Impacts

Below is a summary of the Governor's 2015-17 Biennial Budget Recommendations for the Government Accountability Board.

1. Ongoing Lapse Authority – The Governor recommends amending 2013 Wisconsin Act 20, as last affected by 2013 Wisconsin Act 145, to require a lapse from PR and GPR appropriations of executive branch state agencies to extend through FY-17. The board's amount is \$40,200 in each year.
2. Shared Agency Services Pilot Program – The Governor recommends creating a shared agency services pilot program within the Department of Administration (DOA) to consolidate administrative functions (including budget, finance, human resources, payroll, procurement and information technology). What that means for the agency is that all assets and liabilities of a shared services agency that relate to human resource services, payroll services, finance services, budget functions, procurement functions and Information Technology Services (IT), as determined by the secretary of the Department of Administration, become the assets and liabilities of the Department of Administration. At a minimum, the known impacts of this budget recommendation are that our two financial positions (Mike Lauth-Accountant) and (Julie Nischik-Financial Specialist 3) will be deleted and that DOA will be charging the agency for services they provide in these areas.
3. Elections Division Positions – The Governor recommends providing funding and permanent position authority for administration of elections to replace expiring project positions. While the position authority is considered permanent due to statutory definitions, these 22 positions are provided on a temporary basis with an end date of June 30, 2017.

4. Standard Budget Adjustments are approved, which includes: Full Funding of Continuing Position Salaries and Fringe Benefits, Reclassifications and Semiautomatic Pay Progressions and Full Funding of Lease Costs.
5. Board Member Per Diems and Meetings – 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 in FY-16 and FY-17. The fiscal impact is estimated at \$14,900 in FY-16 and \$19,100 in FY-17.
6. Position for Agency Webmaster/Public Information Officer – The Governor did not approve position authority for a .25 FTE for our Public Information Officer. As a result, this position will continue at a .75 FTE.
7. Funding for Biennial Updating of Voter Registration List – The Governor did not approve funding for the cost of the statutorily-required Four Year Maintenance process. The agency will have to absorb \$96,875 of federal funds in FY-17 to pay for this.
8. Ethics and Accountability Division Information Technology – The Governor 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.

Budget Proposal that will Significantly Impact the Government Accountability Board’s Operations

One of the major initiatives that will significantly impact the Government Accountability Board’s daily operations is the Shared Agency Services Pilot Program. The proposal recommends creating a shared agency services pilot program within DOA to consolidate administrative functions (including budget, finance, human resources, payroll, procurement, and information technology) in agencies with less than 150.0 FTE. The Governor also recommended DOA conduct a study for an enterprise wide shared services model and to develop an implementation plan for the 2017-19 biennial budget. As a result of this proposal the two Government Accountability Board financial positions will be deleted.

DOA is supposed to provide support services in budget, finance, human resources, payroll, procurement and information technology; however, details about the implementation of those services has not been shared with the agency to date.

While agency staff agrees it is a good idea to conduct a study to determine if an enterprise wide shared services model can be efficient and cost effective, it does not recommend embarking on the implementation of a pilot program without first conducting a feasibility study to determine its operational and fiscal impact on agencies, especially in light of the STAR project implementation date coinciding with the proposed position deletions.

The staff’s understanding of this Pilot is that all administrative services functions will be provided by DOA. In-turn, agencies will be required to pay DOA for those services. While the salary and fringe benefits costs of the two deleted positions will be transferred to our supplies and services line (approximately \$126,600) to pay for the services and study, the chargeback rate has not been determined, and could exceed the budgeted salary and fringe benefits savings depending on the rate methodology.

Additional Financial/Operational Impacts

The adverse operational impacts for the G.A.B. will be significant. The Financial team has prepared a detailed description of its activities that would be transferred to DOA. In many cases it is difficult to fathom how DOA can carry out the agency specific duties without a close working relationship with agency staff. Given the fact DOA is located in a separate building and its staff does not know G.A.B. responsibilities, there will be significant inefficiencies created in communication. This will also mean repurposing program staff to work with DOA on basic functions. This is much more efficient utilizing current staff. The detailed work description accompanies this memorandum (see Attachment 1).

Impact on G.A.B. IT Services

Although details have not been not made public (nor specifically shared with G.A.B. at the time this report was prepared) regarding the DOA's Division of Enterprise Technology (DET) plan of action for providing IT support for G.A.B.'s IT applications, staff has significant concerns on the effect it could have on meeting the G.A.B.'s IT demands. G.A.B. management is scheduled to meet with DOA's Chief Information Officer on February 25. Without additional information to address the concerns identified by staff, the proposed plan of action appears to create a substantial risk that 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.

Over the past five years, G.A.B. staff has created an in-house IT team that provides services to both divisions. Coincidentally, 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 relying on DET to lead its IT functions, and with DET's full knowledge and support. The contracted IT team was developed to provide direct accountability to the G.A.B. and provides a level of collaboration and innovation that would prove challenging to be met by any other IT structure. The IT team is dedicated full time to developing, maintaining and improving G.A.B.'s IT solutions. They have extensive understanding of and experience with all of our systems, based on continuously working with them and our subject matter experts on a daily basis. G.A.B. staff developed this model because DET was not able to maintain our systems or develop systems 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, and created challenges for our IT team to subsequently untangle coding problems. Needless to say, that experience, contrasted with the successes we have had under our current structure, creates great concern about the prospect of undoing that progress and reverting to a system where DET would attempt to handle the internal and external demands related to G.A.B.'s IT systems.

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. This project requires a great amount of institutional knowledge from both the business and IT sections of our operations to support that project, 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 calendar year,

but any structural IT change would certainly have an effect on the overall project and projected timeline and cost.

Although the G.A.B. is a smaller state agency, in order to continue making agency operations more efficient and effective, IT applications are the backbone to the G.A.B.'s success. The G.A.B. successfully maintains several systems and Internet websites which are related to IT:

- 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 over 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 a 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 web-based portal allowing local clerks to view and process audit findings related to their local polling places.
- Eye on Lobbying: a web-based reporting system that has won national awards 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 initiatives and 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. As noted, eliminating the ability of the G.A.B. to continue with its dedicated team of IT contract developers would affect the effectiveness and responsiveness of the agency, increase its costs, and impact the work of local election officials and other agency constituents and partners.

Funding for Increased Costs for Board Member Per Diems and Meetings

The funding request for increased costs for Board member per diems and meetings expenses was not included in the Governor's budget. The agency requested \$14,900 in FY-16 (6-inperson meetings, 2-teleconferences, 2-canvass signings) and \$19,100 in FY-17 (6-inperson meetings, 2-teleconferences, 4-canvass signings, 8-special canvass signings).

In the past four years, the number of Board meetings and the amount of preparation time it takes for meetings has increased significantly (see Attachment 2 – Board meeting costs).

In FY-15 year to date, we have already exceeded our budget by over \$11,300 and still have four-in person meetings scheduled for the remainder of the fiscal year. This will result in additional costs of between \$4,070 per meeting (daily per diem, travel and lodging expenses) up to \$5,400 (1/2 day meeting prep, daily per diem, travel and lodging expenses) per meeting. Additionally, these expenses do not include any ad hoc meetings that may occur between now and the end of the fiscal year.

Without funding in the 2015-17 budgets, the agency will have to reduce costs in other areas to ensure adequate funding for Board meetings.

Funding for Biennial Updating of Voter Registration List (Four-Year Maintenance)

Wisconsin statutes require the G.A.B. to examine the voter registration records and mail notices to voters who have not voted in the previous four-year period. 2013 Wisconsin Act 149 transferred the Four-Year Maintenance Process from local election officials to the G.A.B. The G.A.B. must mail the notices no later than June 15 following each general election. However, the legislative change did not include any appropriation for the Board's costs to identify individuals who must receive the notices or for the costs of printing and postage. The Board staff estimated in FY-17 it would cost \$96,765.

Without additional funding, the agency will have to absorb these expenses using federal funds, but will not have a mechanism to pay for this in the future once the federal funds have been exhausted.

Funding a full-time Information Technology (IT) Contractor for the Ethics & Accountability Division

An internal, dedicated IT contractor is critical to the operation of the Ethics Division. A contractor currently plays a critical 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 Contractor, who currently maintains and enhances the application, including development of the FOCUS subscription service. It is hosted on state web servers.
- Statement of Economic Interest System (ethics.state.wi.us/EOFR/Pages/). Eye on Financial Relationships 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.

Additionally, the IT contractor assisted program staff in creating the new internal database for tracking complaints and investigations in both the Ethics and the Elections divisions. There is no external website associated with this database, which is maintained on secure state servers.

Finally, the contractor has a smaller 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. As the agency looks for operational efficiencies, it may be possible to transfer some maintenance from PCC to our internal IT contractor.

The Ethics Division hopes to modernize its IT applications using lower-cost technology to improve internal processes and reduce administrative costs. In order to do that, we need to upgrade the SEI system. Without funding for an internal IT contractor, that modernization will likely never happen. As a result, the division will be forced to continue to rely on a paper-based SEI filing system, and may need to discontinue its Eye on Financial Relationships website. Also, the division may need to significantly reduce support for the Eye on Lobbying application that provides vital information to the general public and serves Legislators, lobbyists and principals.

These costs cannot be absorbed in the existing budget, nor do we feel confident relying on DOA/DET for our IT needs. The agency would also need a revenue stream to pay for DOA/DET to provide these services. DOA/DET would likely contract out these services as it has done with our previous IT projects. In the past, we hired DOA to create our new lobbying database; however, they were unable to complete that project on time or on budget. As a result the Division was forced to hire the current IT Contractor to complete the project, and has been highly satisfied with her services.

Recommendations

Alternative 1: The Board could go on record supporting a DOA feasibility study of a Shared Agency Services Pilot Program to determine if this approach is viable. In the event that the Legislature proceeds with the Shared Agency Services Pilot Program, the Board could request that the Government Accountability Board be exempt from the pilot because of the adverse operational impacts to the agency, and the Legislature not eliminate G.A.B.'s administrative services personnel until the study has been completed.

Alternative 2: The Board could ask the Legislature to consider the deletion of only one G.A.B. financial position, since each of our financial positions provide 50 percent program duties that fall outside of the administrative functions being provided by the pilot implementation. These duties will not be able to be absorbed by existing staff.

Attachments (2)