



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR

**MIKE HUEBSCH**  
SECRETARY

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October 14, 2011

Dear Agency Heads:

The 2011-13 Biennial Budget (2011 Wisconsin Act 32) was balanced in part on achieving the following required lapses and transfers of funds to the general fund:

- Unallocated lapse of \$174.3 million from GPR and PR appropriations with cash balances, of which at least \$123.2 million is to occur in fiscal year 2011-12;
- PR lapses related to employee compensation changes, elimination of long-term vacant positions and across-the-board reductions;
- GPR and PR lapses related to the 2 percent pay increase received by represented employees in June 2009.

This memo focuses on the allocation of the \$174.3 million unallocated lapse requirement under s. 9255(1)(b) and the review and approval process for all of the required lapses.

As you are aware, the national and global economies are still recovering from one of the worst recessions in 70 years. While the Wisconsin economy continues to recover, the potential impact of these national and global trends is undeniable. In the last two biennia, agencies managed a much higher lapse target of \$534 million and \$528 million. Given the economic uncertainty this biennium, it is prudent to plan for a larger lapse. Consequently, I am requesting all agencies to plan for a larger lapse in the event that revenues are not as strong as assumed in the budget.

Attached are the lapse allocation amounts by fiscal year for each of the lapses listed above. For the unallocated lapse, allocations are shown at both the \$174.3 million level prescribed under Act 32 and a larger lapse of \$300 million. In assigning the lapses, specific exemptions were granted for high-priority programs, including school aids, higher educational financial aid, technical college aid, certain correctional programs and other institutions that operate 24/7, Medical Assistance and direct care programs within the Department of Health Services, child welfare programs within the Department of Children and Families and certain appropriations for the District Attorneys and State Public Defender. As in the past, the lapses may not be taken from sum sufficient or federal appropriations. Unlike past biennia, the lapses may not be taken from segregated appropriations or any program revenue appropriations within

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the University of Wisconsin System. Finally, these lapse allocations may only be taken from sum certain GPR or PR appropriations that have a positive cash balance.

Agencies should submit lapse plans for those required under Act 32 and for the larger lapse to Brian Hayes, State Budget Director, by Monday, November 7<sup>th</sup>, outlining how the fiscal year 2011-12 lapses will be taken. These plans should minimize layoffs of state employees and should take advantage of high vacancy rates that exist in most state agencies. Any proposals that require changes in statutory language should be noted. After the plans have been reviewed and approved, a consolidated plan that outlines the unallocated lapse under s. 9255(1)(b) will be submitted to the Joint Committee on Finance under its 14-day passive review authority.

These lapses will present operational challenges and opportunities to state agencies. The Governor remains committed to putting Wisconsin's state government on a stable fiscal footing while ensuring that it functions as efficiently and effectively as possible. We appreciate the efforts of you and your staff in identifying creative ways to manage these reductions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Huebsch". The signature is fluid and cursive, with the first name "Mike" and last name "Huebsch" clearly distinguishable.

Mike Huebsch  
Secretary

2011-13 Lapse Allocations

Agency	\$123 mn / \$51.3 mn		\$200 mn/\$100 mn		2% Lapse		PR Lapse	
	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY13
Administration	7,983,175	3,340,598	12,980,772	6,511,887	291,600	291,600	7,041,200	7,041,200
Aging and Long-Term Care	137,030	57,157	222,813	111,418	26,300	26,300	103,700	103,700
Ag, Trade and Consumer Protection	2,308,883	972,916	3,754,281	1,896,523	273,600	273,600	1,461,100	1,461,100
Child Abuse and Neglect Prevention	122,934	51,278	199,893	99,957	-	-	228,400	228,400
Children and Families	8,318,827	3,425,893	13,526,548	6,678,154	178,200	178,200	578,000	578,000
Corrections	9,461,595	3,938,884	15,384,707	7,678,137	8,701,100	8,701,100	765,800	765,800
District Attorneys	-	-	-	-	513,900	513,900	40,800	40,800
Educational Communications Board	254,677	106,897	414,109	208,376	20,400	20,400	13,700	13,700
Employment Relations Commission	166,586	69,486	270,872	135,450	-	-	41,000	41,000
Financial Institutions	870,276	363,933	1,415,082	709,422	120,000	120,000	1,417,500	1,417,500
Government Accountability Board	227,335	56,534	369,650	110,202	11,600	11,600	38,600	38,600
Governor's office	1,229	513	1,999	1,000	-	-	-	-
Health Services	18,561,982	8,033,612	30,182,084	15,660,062	1,937,000	1,937,000	13,510,200	13,510,200
Medical Assistance	-	-	-	-	-	-	-	-
Higher Educational Aids Board	51,049	21,326	83,006	41,571	6,700	6,700	-	-
Historical Society	710,847	297,420	1,155,848	579,766	89,500	89,500	-	-
Insurance Commission	876,334	365,533	1,424,933	712,539	-	-	-	-
Justice	2,760,953	1,150,537	4,489,354	2,242,763	454,600	454,600	1,984,900	1,984,900
Lieutenant Governor's Office	20,498	8,550	33,330	16,667	-	-	-	-
Medical College of Wisconsin	248,739	103,753	404,453	202,247	-	-	-	-
Military Affairs	896,316	377,711	1,457,424	736,279	84,500	84,500	569,800	569,800
Misc. Appropriations	605,675	251,550	984,838	490,351	-	-	-	-
Natural Resources	2,725,505	1,188,116	4,431,715	2,316,015	427,900	427,900	2,800,500	2,800,500
Office of State Employment Relations	295,777	122,613	480,938	239,011	1,100	1,100	692,600	692,600
People w/ Developmental Disabilities Brd	1,349	563	2,194	1,097	-	-	-	-
Program Supplements	2,046,642	315,921	3,327,873	615,831	-	-	-	-
Public Defender Board	263,100	109,743	427,805	213,924	632,600	632,600	117,800	117,800
Public Instruction	1,975,377	867,073	3,211,995	1,690,201	291,700	291,700	2,359,200	2,359,200
School Aids	-	-	-	-	-	-	-	-
Public Service Commission	10,418	4,346	16,940	8,471	-	-	91,200	91,200
R&L/Safety and Professional Services	2,629,283	1,102,147	4,275,257	2,148,435	268,500	268,500	3,252,300	3,252,300
Revenue	5,284,122	2,199,925	8,592,068	4,288,353	928,800	928,800	1,107,800	1,107,800
Secretary of State	26,754	11,159	43,502	21,753	600	600	50,600	50,600
Shared Revenue	2,374,892	990,605	3,861,613	1,931,004	-	-	-	-
State Fair Park	9,376	3,911	15,246	7,624	-	-	-	-
Tourism	747,810	311,926	1,215,952	608,042	12,600	12,600	3,600	3,600
Transportation	176,421	73,588	286,864	143,446	14,400	14,400	-	-
University of Wisconsin System	46,135,078	19,634,769	75,016,386	38,274,404	-	-	-	-
Veteran's Affairs	85,038	26,604	138,274	51,859	-	-	-	-
Wisconsin Economic Development Corp.	2,116,694	712,471	3,441,779	1,388,832	-	-	-	-
Wisconsin Technical College System	-	-	-	-	23,200	23,200	5,700	5,700
Workforce Development	1,511,425	630,439	2,457,601	1,228,926	124,800	124,800	2,978,800	2,978,800
<b>Total</b>	<b>123,000,000</b>	<b>51,300,000</b>	<b>200,000,000</b>	<b>100,000,000</b>	<b>15,435,400</b>	<b>15,435,400</b>	<b>41,254,800</b>	<b>41,254,800</b>