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Date: January 27, 2003

To: Agency Heads

From: Marc J. Marotta
Secretary

Re: Planning for the FY03 Deficit Reduction Bill

As you are aware, the Legislative Fiscal Bureau recently determined that the state's fiscal situation has worsened considerably since November. In response, the Governor announced his intention to introduce a deficit reduction bill to begin solving the deficit projected for fiscal year 2002-03. The bill will contain required GPR reductions equal to five percent of state operations appropriations for most agencies plus targeted reductions in some programs. Most likely, each agency's largest GPR state operations appropriation will be reduced by the respective amounts. In addition, specific program and segregated revenue appropriations will be targeted to lapse cash balances to the general fund equal to five percent of the fiscal year 2000-2001 adjusted base. These amounts are presented in the attached schedules.

In order to implement provisions of the bill as rapidly as possible after passage, each agency must begin planning immediately to implement the reductions and lapses. This means determining how GPR appropriations and positions will ultimately be affected. As was the case in 2001 Wisconsin Act 109, a provision will be included in the bill allowing agencies to propose reallocations of the cuts between other GPR state operations and certain aids to individuals and organizations appropriations of the agency. This process will have to be completed soon after the bill is signed.

These reductions are in lieu of the increased lapse and turnover measures included in my January 10th memo concerning agency actions to address the deficit. As you plan for the reductions in the bill please keep in mind that some lapses may already have been taken into account by either the State Budget Office or the Legislative Fiscal Bureau. Also, reductions in fiscal year 2002-03 need to be coordinated with reductions that will be included in the Governor's 2003-05 biennial budget bill. In order to help synchronize these two efforts please contact your assigned budget analyst as soon as possible with specifics on applying cuts. Any information on anticipated layoffs as a result of the fiscal year 2002-03 deficit reduction and 2003-05 biennial budget bill cuts should be communicated as soon as possible to Karen Timberlake, Secretary of the Department of Employment Relations and to Dan Caucutt in the State Budget Office.