



## Legislative Fiscal Bureau

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April 30, 2003

Joint Committee on Finance

Paper #506

### **Billeting Services Spending Authority Increase (Military Affairs)**

[LFB 2003-05 Budget Summary: Page 301, #8]

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#### **CURRENT LAW**

A military property appropriation under the Department of Military Affairs (DMA) is funded from two distinct revenue streams: (1) billeting (lodging) and training fees charged to guests using rooms at the Wisconsin Military Academy at Fort McCoy; and (2) armory rental fees and monies from the sale of surplus equipment and property. Base level funding for the appropriation is \$386,900 PR and 1.5 PR positions annually.

Although both revenue streams are credited to the same appropriation and the functions supported by each revenue stream may be funded from the total amounts available in the appropriation, separate accounts are also maintained within the appropriation for each of these two activities. Currently, base level funding under the overall appropriation is apportioned as follows: \$222,600 PR annually for the provision of billeting services and \$164,300 PR annually for facility rental expenses, maintenance, and minor construction and renovation costs.

#### **GOVERNOR**

Provide increased expenditure authority of \$100,000 PR annually associated with billeting expenses at the Wisconsin Military Academy at Fort McCoy. [Standard budget adjustment items would add \$34,000 PR annually to provide a total increase of \$134,000 PR annually. These standard budget adjustments appear reasonable and are not separately addressed in this paper.]

## DISCUSSION POINTS

1. The bill would increase the total authorized expenditure authority under DMA's military property appropriation from \$386,900 PR annually to \$520,900 PR annually. At the same time, the Department is projecting that revenues credited to this appropriation will increase from \$344,000 in the base year to \$350,500 in 2003-04 and to \$361,000 in 2004-05.

2. When increases to program revenue expenditure authority are proposed, it is appropriate to examine: (a) the extent to which a reliable revenue stream exists to fund the additional expenditures; and (b) the budgeted expenditures proposed for the new expenditure authority.

3. The following table summarizes the agency's military property appropriation expenditure and revenue history over the last several fiscal years. The table presents this data separately for both the billeting services component and for the military property expense components of the overall military property appropriation.

### Military Property Appropriation Revenues and Expenditures (1998-99 through 2002-03)

#### Billeting Services

<u>Fiscal Year</u>	<u>Opening Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Closing Balance</u>
1998-99	\$87,300	\$217,700	\$177,500	\$127,500
1999-00	127,500	225,500	234,700	118,300
2000-01	118,300	265,200	254,300	129,200
2001-02	129,200	293,900	254,500	168,600
2002-03*	168,600	300,000	322,600	146,000

#### Military Property Expenses

<u>Fiscal Year</u>	<u>Opening Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Closing Balance</u>
1998-99	\$493,400	\$105,800	\$155,700	\$443,500
1999-00	443,500	55,100	154,200	344,400
2000-01	344,400	76,500	164,300	256,600
2001-02	256,600	50,700	149,900	157,400
2002-03*	157,400	44,000	164,300	37,100

\*Expenditure in 2002-03 are estimates based on the current authorized expenditure levels. The billeting services expenditures also reflect an additional \$100,000 PR authorized under s. 16.515 procedures on April 15, 2003. Projected revenues are from the agency's biennial budget proposal.

4. With respect to the first consideration, the following table summarizes projected revenues and recommended expenditures under the bill during each fiscal year of the next biennium for each function funded under the military property appropriation.

**SB 44 Military Property Appropriation Revenues and Expenditures  
(2003-04 and 2004-05 Fiscal Years)**

**Billeting Services**

<u>Fiscal Year</u>	<u>Opening Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Closing Balance</u>
2003-04	\$146,000	\$300,000	\$356,600	\$89,400
2004-05	89,400	310,000	356,600	42,800

**Military Property Expenses**

<u>Fiscal Year</u>	<u>Opening Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Closing Balance</u>
2003-04	\$37,100	\$50,500	\$164,300	-\$76,700
2004-05	-76,700	51,000	164,300	-190,000

5. Generally, an agency may expend from a program revenue appropriation account up to the amount of the appropriation authority granted by the Legislature. If revenues to the account are insufficient to fully fund the current year's expenditure authority, the expenditures are supported from the available carryover revenue balance in the account. If the agency has available expenditure authority, but this carryover revenue balance has been exhausted, the appropriation account would be in deficit and any further expenditures up to the appropriation limit would constitute an unsupported loan from the general fund.

6. Based on the above revenue and expenditure projections, by the end of the 2004-05 fiscal year, the military property appropriation would experience an overall deficit of \$147,200, if the expenditure levels recommended in the bill are approved.

7. With respect to the second consideration, when increased expenditure authority is requested for an appropriation, agencies will generally provide specific cost detail supporting the additional expenditure need. Granting increased expenditure authority based on such a review permits the Legislature to: (a) consider the details of how the agency plans to utilize the increased expenditure authority; and (b) set agency priorities.

8. DMA has not provided cost detail with respect to how the additional \$100,000 PR annually of billeting services expenditure authority would be used. However, in the agency's recently approved s. 16.515 request for additional one-time expenditure authority of \$100,000 PR in

2002-03 related to billeting services, it was indicated that the additional funding would be used to replace general items that have begun to deteriorate and would accelerate the schedule for minor facility modifications to make the Wisconsin Military Academy more user-friendly. Presumably, the additional \$100,000 PR annually recommended by the Governor for the next biennium would be used for similar purposes.

9. DMA's Billeting Council, an interdisciplinary management advisory council that oversees billeting operations at the Wisconsin Military Academy, has also recommended a \$30,000 PR operating reserve level as a prudent balance for the billeting services account. Under the Governor's recommendation, if an additional \$100,000 PR annually of expenditure authority is provided for billeting services expenses, the balance in the billeting services portion of the military property appropriation would approach this recommended reserve level (\$42,800 at the end of the biennium).

10. However, it is likely that other military property-related expenditures that are also funded from this same PR appropriation will continue at least at current levels, as the agency seeks to manage its other GPR-funded supplies and services budget reductions. These continuing expenditures in conjunction with the proposed increased billeting services expenditures would overdraw the military property expenses account, resulting in a deficit in the overall appropriation.

11. Since the recent s. 16.515 approval for \$100,000 PR of one-time funding in 2002-03 has likely addressed some of the Department's more immediate billeting services funding needs, the Committee may conclude that it would be prudent at this time to deny the \$100,000 PR annually recommended by the Governor. This action would minimize the prospect that providing additional expenditure authority could create a deficit situation under the appropriation during the next biennium.

12. If DMA realizes increased revenues during the 2003-05 biennium sufficient to support increased expenditure authority, DMA could return to the Committee with a s. 16.515/16.505(2) request for additional billeting services funding. If DMA makes such a request, the agency should specify the purposes for which the additional funding is requested.

13. If the Committee acts to deny the additional \$100,000 PR annually for billeting services, as recommended by the Governor, total expenditures under the appropriation would continue to exceed total projected revenues by \$130,300 PR during the next biennium, but the appropriation would end the biennium with a closing balance of \$52,800 PR rather than in deficit.

## **ALTERNATIVES**

1. Approve the Governor's recommendation to provide increased expenditure authority of \$100,000 PR annually under DMA's military property appropriation associated with billeting expenses at the Wisconsin Military Academy at Fort McCoy.

2. Delete provision.

<u>Alternative 2</u>	<u>PR</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$200,000

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