



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #540

Military Property (Military Affairs)

[LFB 2009-11 Budget Summary: Page 444, #5]

CURRENT LAW

The Department of Military Affairs (DMA) is currently appropriated \$164,300 PR annually for the maintenance of military facilities.

GOVERNOR

Provide \$85,200 PR annually to allow the Department to expend increased revenues from military property for unspecified maintenance and repair cost increases.

DISCUSSION POINTS

1. The military property appropriation receives revenues from the rental of state-owned lands and buildings, and occasional land and building sales, and uses these revenues to maintain the properties and facilities.
2. The Department indicates that revenues increased significantly in 2007-08, due to a lease agreement with CASE company, as part of the company's contract with DMA for vehicle maintenance.
3. The table shows the beginning year balances, annual revenues and expenditures, and yearly balances (annual revenues minus annual expenditures) under this program since 2001-02. Information for 2008-09 through 2010-11 are estimates based on the Department's projections for revenues and the current budget authority in 2008-09 and the amounts recommended by the Governor for the 2009-11 biennium.

Military Property Balances

	<u>Beginning Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Yearly Balance</u>	<u>Closing Balance</u>
2001-02	\$256,600	\$50,700	\$149,900	-\$99,200	\$157,400
2002-03	157,400	79,600	91,500	-11,900	145,500
2003-04	145,500	149,500	110,500	39,000	184,500
2004-05	184,500	42,100	143,000	-100,900	83,600
2005-06	83,600	56,900	97,400	-40,500	43,100
2006-07	43,100	167,600	159,200	8,400	51,500
2007-08	51,500	360,800	199,500	161,300	212,800
2008-09*	212,800	200,000	164,300	35,700	248,500
2009-10*	248,500	200,000	249,500	-49,500	199,000
2010-11*	199,000	200,000	249,500	-49,500	149,500

* Estimates

4. As shown in the table, the revenues have varied significantly over the years, mainly due to the infrequency of property sales and property leases.

5. The Department is unable to provide specific data relating to the additional need for expenditure authority, but indicates that, in general, the funding is needed due to increasing maintenance costs and the increased need to maintain aging military facilities including the State's armories. The Department indicates that it receives many requests from DMA maintenance staff throughout the state asking for additional resources for maintenance or replacement of equipment and building materials used at military facilities. Further, DMA indicates that it is difficult to predict such maintenance costs.

6. However, the Department does have authority to request supplements under s. 16.505/515 of the statutes. The Department made two such requests in 2007-08. In March, 2008, DMA requested \$150,000 PR to supplement snow plowing and maintenance costs. The Joint Committee on Finance approved \$70,000 PR for snow removal costs, but indicated that the additional \$80,000 PR was rejected because specific costs were not identified and DMA did not provide evidence that the maintenance costs met the emergency clauses specified under state statute.

7. On June 2, 2008, DMA requested additional supplement authority of \$80,000 PR for the military property maintenance. On June 20, 2008, the Committee approved \$14,200 PR of this request, which included \$4,000 of additional snow removal costs and \$10,200 for military property and maintenance. Again the Committee noted the lack of specific information on the expenditures and the proof of the emergency nature of the request.

8. As shown in the table, the Department currently has sufficient revenue and reserves to support the appropriation increases recommended by the Governor.

9. On the other hand, the table also shows that it is likely that if the Governor's recommendation were approved, annual expenditures would outpace new revenues alone. It is possible that more one-time sales could temporarily boost these amounts, but as the reserves are spent down there would be fewer revenues available for emergency costs such as the unusually high snow falls of the 2007-08 winter. If the Committee believes that current law appropriation levels are sufficient, the additional funding could be denied.

10. Alternatively, it could be argued that ongoing maintenance could extend the life of military facilities, reducing the need for more costly repairs or replacements should significant problems persist. In addition, if funding is needed on an immediate basis, the supplement process under s. 16.505/515 may delay the Department's response since both the Department of Administration and legislative approval are necessary. If the Committee believes that the additional expenditure authority is justified, it could approve the Governor's recommendation.

11. Finally, the Committee could chose to grant a lesser increase. If the Committee provided an increase of \$35,300 annually, the total amount appropriated (\$200,000 PR annually) would equal the Department's revenue estimate for 2009-11. This would provide about 40% of the amounts requested by the agency and recommended by the Governor, provide some funding flexibility, and ensure that funding remains available for facility maintenance emergencies, while at the same time maintain legislative oversight of expenditures.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$85,200 PR annually for military property maintenance and repair.

2. Modify the Governor's recommendation by providing \$35,700 PR annually for military property maintenance and repair.

ALT 2	Change to Bill
	Funding
PR	- \$99,000

3. Delete the Governor's recommendation.

ALT 3	Change to Bill
	Funding
PR	- \$170,400

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