



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #120

Facilities Management Increase (Administration -- Facilities)

[LFB 2019-21 Budget Summary: Page 31, #1]

CURRENT LAW

Under current law, the Department of Administration's (DOA) Division of Facilities Development and Management (DFDM) is responsible for building management, maintenance, and tenant occupancy services. Program revenue for facility operations and maintenance is provided from parking fees and rent charged to state agencies occupying space in state-owned facilities.

GOVERNOR

Provide expenditure authority of \$1,098,400 PR in 2019-20 and \$1,119,000 PR in 2020-21, and reallocate 3.0 PR positions annually for operations, maintenance, and office design services.

The recommendation would provide \$1,294,000 PR in 2019-20 and \$1,314,600 PR in 2020-21 and 3.0 PR positions annually to DOA's facility operations and maintenance appropriation (\$310,700 for salaries and fringe benefits and \$983,300 for supplies and services in 2019-20, and \$316,900 for salaries and fringe benefits and \$997,700 for supplies and services in 2020-21).

Positions and funding would be deleted from the following PR appropriations within DOA: (a) materials and services to state agencies and certain districts (\$75,600 and 1.0 position annually); (b) hearings and appeals fees (\$66,200 and 1.0 position annually); and (c) general program operations; raffles and crane games (\$53,800 and 1.0 position annually). All three positions are vacant as of April, 2019.

DISCUSSION POINTS

1. Funding in the bill would be used primarily to support operation costs and maintenance staffing of the Tommy G. Thompson Building (Madison), a 252,400 square foot building acquired by DOA in 2018. The administration indicates that this "increase in square footage, tenants, building equipment, and acreage requires the assignment of two FTE positions," an HVAC/refrigeration specialist advanced and a steamfitter.

2. The administration also recommends providing one facilities management officer position, responsible for office design services. Design services include space planning, furniture procurement, move coordination, and other miscellaneous services offered to agencies that occupy state-owned space. Over the past several years, as new buildings have been built or purchased, and as agencies have moved from leased to state-owned space, the need for design services has reportedly increased.

3. Requested funds for supplies and services reflect the operating costs associated with the Thompson building at the time of purchase in 2018, adjusted for a 1.5% annual increase in operating costs. Anticipated expenditures under supplies and services include utilities, maintenance and repair supplies and services, and janitorial services.

4. The administration indicates that compensation amounts for the proposed positions under DOA's facility operations and maintenance appropriation were miscalculated. The technical budget instructions for 2019-21 directed that requested positions be budgeted for only nine months in the first year authorized. Further, instructions directed agencies to account for annual salary adjustments in a separate worksheet. The proposed increase for facilities management would have funded the reallocated 3.0 PR positions for a full year in 2019-20 and would have provided a 2% increase for salaries and fringe benefits in 2020-21.

5. Corrected calculations for the provision would reduce funding for the 3.0 reallocated positions by \$84,000 PR in 2019-20 and \$6,200 PR in 2020-21 to provide nine months of compensation in 2019-20 and eliminate the assumed increase in hourly wage in 2020-21. The corrected recommendation would provide net expenditure authority of \$1,014,400 PR in 2019-20 and \$1,112,800 PR in 2020-21, and reallocate 3.0 PR positions annually for operations, maintenance, and office design services. The facility operations and maintenance appropriation would be provided \$1,210,000 PR in 2019-20 and \$1,308,400 PR in 2020-21 and 3.0 reallocated PR positions annually.

6. In addition, in an errata letter dated May 1, 2019, the administration indicated that several errors were made in reallocating position authority and deleting associated funds. Rather than deleting \$53,800 and 1.0 position annually from the PR appropriation for general program operations; raffles and crane games, the provision as corrected would instead delete \$53,800 and 1.0 position annually from the PR appropriation for general program operations; Indian gaming. Further, rather than deleting \$75,600 PR and 1.0 PR position annually from the materials and services appropriation, the provision as corrected would instead delete \$65,500 PR and 1.0 PR position annually from the services to non-state entities appropriation. The net effect of the errata is -\$73,900 PR in 2019-20 and \$3,900 PR in 2020-21 and 0.0 PR positions annually.

7. Given the increase in building space required to be maintained and the identified increase in demand for design services, it could be argued that the requested funds would provide resources necessary to manage DFDM's increased workload. Therefore, the Committee could approve the Governor's recommendation with the corrections made to compensation calculations. [Alternative 1]

8. Currently, DFDM provides services at the Tommy G. Thompson building by temporarily reallocating staff. If the provision were not approved, DFDM would continue this practice. The administration cautions that this approach results in less than optimal coverage, resulting in a backlog of repairs and tenant requests, as well as deferred and delayed maintenance, which could in turn result in more costly repairs. Further, if the facilities management officer position were not approved, the administration indicates in an increasing backlog could delay projects. This could then cause delays in moves to new space, which could result in potential holdover leases at higher rates or delays in moving from more costly private leased space to state-owned space. However, if the provision is not approved, DOA could request additional PR position and expenditure authority under a 14-day passive review process. Therefore, the Committee could decide to take no action, thereby denying the request for additional facilities management resources. [Alternative 2]

ALTERNATIVES

1. Approve the Governor's recommendation, as corrected, to provide \$1,210,000 PR in 2019-20 and \$1,308,400 PR in 2020-21 and reallocate 3.0 PR positions annually to DOA's facility operations and maintenance appropriation (\$233,100 for salaries and fringe benefits and \$976,900 for supplies and services in 2019-20, and \$310,700 for salaries and fringe benefits and \$997,700 for supplies and services in 2020-21). Positions and funding would be deleted from the following PR appropriations within DOA: (a) services to non-state entities (\$65,500 and 1.0 position annually); (b) hearings and appeals fees (\$66,200 and 1.0 position annually); and (c) general program operations; Indian gaming (\$53,800 and 1.0 position annually).

ALT 1	Change to	
	Base	Bill
PR	\$2,147,400	- \$70,000

2. Take no action.

ALT 2	Change to	
	Base	Bill
PR	\$0	- \$2,217,400

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