

VII. Department of Military Affairs -- James G. Blaney, Adjutant General

The department requests the transfer of \$100,000 GPR in fiscal year 2000-01 from the department's emergency response equipment appropriation under s. 20.465(3)(dp) to the department's energy costs appropriation under s. 20.465(1)(f) and a supplement of \$210,800 GPR from the Committee's appropriation under s. 20.865(4)(a) in fiscal year 2000-01 to the department's energy costs appropriation under s. 20.465(1)(f) to pay for higher fuel costs.

Governor's Recommendation

Approve a one-time transfer of \$100,000 GPR in fiscal year 2000-01 from the department's emergency response equipment appropriation under s. 20.465(3)(dp) to the department's energy costs appropriation under s. 20.465(1)(f), and a supplement of \$266,900 GPR in fiscal year 2000-2001 from the reserved portion of the Committee's appropriation under s. 20.865(4)(a) to the department's s. 20.465(1)(f) appropriation to pay for higher fuel costs in fiscal year 2000-01.



WISCONSIN DEPARTMENT OF  
ADMINISTRATION

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

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**Date:** April 20, 2001

**To:** Members, Joint Committee on Finance

**From:** George Lightbourn, Secretary  
Department of Administration *George Lightbourn*

**Subject:** Section 13.10 Request from the Department of Military Affairs for Increased Fuel and Utility Costs

**Request**

The department requests the transfer of \$100,000 GPR in fiscal year 2000-01 from the department's emergency response equipment appropriation under s. 20.465(3)(dp) to the department's energy costs appropriation under s. 20.465(1)(f) and a supplement of \$210,800 GPR from the Committee's appropriation under s. 20.865(4)(a) in fiscal year 2000-01 to the department's energy costs appropriation under s. 20.465(1)(f) to pay for higher fuel costs in 2000-2001.

**Background**

The Department of Military Affairs maintains a substantial amount of state-owned and federally-owned property around the state for an agency of its size. This includes 363 buildings containing approximately 3.3 million square feet that support National Guard operations. By Department of Defense requirements, state governments have the primary responsibility for operating and maintaining National Guard facilities. While federal funds are available to pay for operational costs such as utilities at locations that perform more specialized functions than unit armories, the operational costs of the basic National Guard armories are a 100 percent state responsibility. In addition, for most non-armory facilities federal reimbursements for operational costs are limited to 75 percent and the state must provide the remaining 25 percent.

While the Wisconsin National Guard has experienced an increase in the amount of space it occupies over the years, including the department's new headquarters in Madison in FY94, energy efficiency efforts have allowed the department to pay for energy costs within its base budget. Over the past decade the department

exhausted its fuel budget only one time, in FY94. Over the last ten years, on average the department has expended \$1,231,600 in its GPR fuel and utilities appropriation, s. 20.465(1)(f), while the average budgeted funding was \$1,347,600, leaving an average balance of \$116,000 per year.

As of April 16, 2001, the department has spent \$1,472,600, or 97 percent, of its total fuel and utility budget of \$1,518,800. As illustrated in the table below, year-to-date fuel expenditures as of the beginning of April of this year are 42 percent higher than a year ago. That rise in expenditures is largely due to the 91 percent increase in natural gas expenditures. The department spent \$542,300 on natural gas in FY00. At the time of its request in March of 2001, the department predicted natural gas expenditures to rise to \$1,008,200 in FY01, an 86 percent increase over FY00 natural gas expenditures. As of April 1, 2001, natural gas expenditures were, in fact, 91 percent higher than in FY00.

The department's current request for funding compared March 1, 2000 fuel expenditures with those as of March 1, 2001, showing a 38 percent increase in expenditures which the department used as the basis for its supplement calculation. The most up-to-date fuel expenditure figures from April 1, 2001 predict an even greater need of 42 percent as shown in the table below.

**Department of Military Affairs  
 Utility Expenditure Comparison and FY01 Estimated Shortfall**

**April 1, 2000 vs. April 1, 2001**

<b>Fuel</b>	<b>Expended 4/1/2000</b>	<b>Expended 4/1/2001</b>	<b>Percentage Change</b>
Electricity	487,845	514,872	+6%
Natural Gas	405,666	774,188	+91%
Purchased Steam	5,450	5,815	+7%
Water & Sewer	54,345	59,132	+9%
All Other Costs	2,685	2,729	-2%
<b>Overall</b>	<b>955,991</b>	<b>1,356,736</b>	<b>+42%</b>

Total Fuel & Utility Cost for FY00	1,328,673
Times Cost Escalation over FY00 levels	x 1.4192
Estimated FY01 Fuel Expenditures	1,885,653
Less Base Funding	1,518,800
<b>Estimated Shortfall</b>	<b>366,853</b>

Sources: WiSMART and DMA 13.10 request

**Analysis**

The recent dramatic rise in fuel prices has eroded the average balance in the department's fuel budget, largely due to the increased cost of natural gas. Natural gas is historically priced around \$2 per decatherm at the well head where natural gas is produced. That was the wholesale price of natural gas in July of 1998. By January of 2000 the price had increased to \$5.624 per decatherm in Wisconsin and by January of 2001 it reached its highest level in Wisconsin at around \$11 per decatherm, a 101.4 percent increase over January of 2000. As of March 7, 2001 the Wisconsin Energy Bureau reported that the price of natural gas for residential consumers in Wisconsin had dropped to \$8.052 per decatherm. At the height of natural gas prices this past winter, energy experts within the Department of Administration and the Public Service Commission predicted that it will take eight to sixteen months for natural gas prices to drop to more historical levels.

The Governor's 2001-03 budget increased the department's GPR fuel and utility appropriation by \$348,100 in FY02 and by \$120,700 in FY03 over base level funding of \$1,518,800 per fiscal year. This increased funding will enable the department to pay for its fuel and utility needs for the next two fiscal years as the price of natural gas is predicted to decline during that period.

To help pay for the projected shortfall in funding the department has proposed transferring \$100,000 GPR from its emergency response equipment appropriation, s. 20.465(3)(dp). The equipment appropriation funds grants to counties under s. 166.21(2m)(e) for emergency response equipment for Level B emergency response teams which respond to less hazardous materials incidents. Counties may apply for reimbursement annually for up to 80 percent of the cost of Level B emergency response equipment, up to \$10,000 per year. The department states that historically all of the funds available for grants have not been used. In FY98 the appropriation funding source switched from SEG funding to GPR funding and the budget was set at \$568,000 per fiscal year. FY98 also experienced the highest level of expenditures in recent years at \$411,888 in grant expenditures that year, leaving a balance of \$156,112. In FY01 the department estimates the highest possible level of grant expenditures at \$472,100, which would leave a \$95,900 balance. At the same time, the department also predicts that only 93 percent of the possible \$472,100 will actually be expended, based on historical experience with the program, which would leave a balance of \$128,900 available to help pay for fuel and utility costs in FY01.

Other GPR state operations appropriations within the department's budget are not expected to have balances to commit to this need. The department has already absorbed GPR reductions in FY01 that total \$149,700.

**Recommendation**

Approve a one-time transfer of \$100,000 GPR in fiscal year 2000-01 from the department's emergency response equipment appropriation under s. 20.465(3)(dp) to the department's energy costs appropriation under s. 20.465(1)(f), and a supplement of \$266,900 GPR in fiscal year 2000-2001 from the reserved portion of the Committee's appropriation under s. 20.865(4)(a) to the department's s. 20.465(1)(f) appropriation to pay for higher fuel costs in fiscal year 2000-01.

Prepared by: **Deborah Uecker**  
**267-0371**



STATE OF WISCONSIN  
DEPARTMENT OF MILITARY AFFAIRS

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STATE BUDGET & FISCAL OFFICER  
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March 15, 2001

To: Representative John Gard  
Senator Brian B. Burke  
Co-Chairs  
Joint Committee on Finance

From: Major General James G. Blaney  
The Adjutant General  
Department of Military Affairs

RE: Request Pursuant to §13.10, Wisconsin Statutes  
Supplemental Funding for Fuel and Utilities

Request:

The Department of Military Affairs requests a transfer of \$100,000 from its appropriation under § 20.465(3)(dp) for Emergency Response Equipment and a supplement from the committee's appropriation of \$210,800 to offset a projected shortfall of \$310,800 in its appropriation for Energy Costs, §20.465(1)(m).

Background:

The Department of Military Affairs operates 363 buildings encompassing 3,302,352 square feet to support National Guard operations throughout the State of Wisconsin. 289 of these buildings are state owned, the remaining 74 are owned by the federal government and licensed to the state to operate. Under the Defense Facilities Act of 1950, the primary responsibility of operating and maintaining National Guard facilities is assigned to the states. Federal funds are available to support operational costs (such as utilities) only at specific facilities that are of a more specialized functional design than unit armories. However, the operational costs of the basic National Guard facility, the unit armory, remain a 100% state responsibility. The Department of Military Affairs currently operates 67 unit armories throughout the state. For a limited number of facilities, federal funds can be used to provide utilities. However, for most non-armory facilities, federal funds are limited to 75% of costs, and the state must provide 25% matching funds. The Department of Military Affairs funds these costs from its appropriation for Energy Costs, §20.465(1)(f).

While utility costs naturally fluctuate with the weather and the amount of space occupied, DMA's continuous energy improvement efforts have led to fairly stable costs over the past 10 years, despite the occupancy of a number of major new facilities, including the department's new headquarters in Madison which was occupied in 1993-94. The expenditure history of the appropriation over that time span is as follows:

**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS  
 FUEL & UTILITY EXPENDITURE HISTORY  
 1990-2000**

FISCAL YEAR	BUDGETED	EXPENDED	BALANCE
1999-2000	1,518,800	1,328,673	190,127
1998-1999	1,518,800	1,290,740	228,060
1997-1998	1,475,400	1,272,405	202,995
1996-1997	1,490,400	1,407,700	82,700
1995-1996	1,456,600	1,394,560	62,040
1994-1995	1,416,200	1,250,877	165,323
1993-1994	1,284,500	1,284,500	-0-
1992-1993	1,071,200	1,070,192	1,008
1991-1992	1,090,900	1,025,977	64,923
1990-1991	1,153,100	989,931	163,169
<b>10 YEAR AVG</b>	<b>1,347,590</b>	<b>1,231,550</b>	<b>116,035</b>

Over the past decade, the department has exhausted its fuel and utility appropriation only once. Expenditures have averaged roughly \$1.25 million annually over the period.

However, it is apparent that the situation unfolding in FY 2000-01 differs significantly from this pattern. The department compared its utility expenditures as of March 1, 2001 to those of March 1, 2000. The differences were startling.

**DEPARTMENT OF MILITARY AFFAIRS  
 UTILITY EXPENDITURE COMPARISON  
 MARCH 1, 2000 vs. MARCH 1, 2001**

DESCRIPTION	EXPENDED 3/1/2000	EXPENDED 3/1/2001	% Δ
Electricity	434,950	454,631	+ 4.52%
Natural Gas	328,690	611,046	+ 85.90%
Purchased Steam	4,050	2,725	- 32.72%
Water & Sewer	49,079	52,763	+ 7.50%
All Other Costs	3,085	2,729	- 11.54%
<b>OVERALL</b>	<b>819,854</b>	<b>1,123,894</b>	<b>+ 37.08%</b>

<b>Total Fuel &amp; Utility Cost: FY 1999-2000</b>	<b>1,328,673</b>
<b>Times: Cost Escalation over FY 2000 levels</b>	<b>X 1.371</b>
<b>Estimated FY 2001 Expenditures</b>	<b>1,829,600</b>
<b>Less: Appropriation Base Level</b>	<b>1,518,800</b>
<b>Estimated Shortfall</b>	<b>310,800</b>

The actual shortfall calculation is detailed in Exhibit 1. It is interesting to note that natural gas costs alone are projected to increase from \$542,300 in FY 2000 to \$1,008,200 in FY 2001.

**Discussion:**

The department reviewed data from the National Weather Service and conducted a detailed analysis of January, 2000 and 2001 billings from a sample of 12 locations. The statistical results of these reviews are summarized in Exhibit 2. Our conclusions from those efforts are as follows:

- Based on heating degree day (HDD) information reported by the five National Weather Service locations that serve Wisconsin (Milwaukee, Madison, Green Bay, LaCrosse, and Duluth, MN), we found that the data indicates that higher costs are somewhat climate related, but not dramatically so. The average HDD values from the five locations indicate that the winter of 2000-01 has been approximately 12% colder than the winter of 1999-2000, but cannot be characterized as severe. In fact, the data indicates that the overall heating degree load this winter has been very close to the NWS 30 year "normal" value for a Wisconsin winter.
- Our sample of January billings was drawn from various geographic locations across the state and a variety of utility providers. Based on these sample locations, we concluded that excessive usage has not been a factor in the increase. In fact, unit usage (therms used) was actually 6% less in January, 2001 than it had been in January, 2000.
- The analysis strongly indicates that the overall cost increases we have observed are predominately price related. Based on our 12 location sample, we found that the average cost per therm of natural gas use has increased by 127% over January, 2000 levels. Price increases across the sampled locations ranged from a low of an 89% increase to nearly 160%. Clearly, the overall cost increases we have absorbed have been due to market factors that are outside of the agency's control.

**Alternative Funding Sources:**

At this point in the fiscal year, the department's options in funding these increased costs are extremely limited. The department has already absorbed two significant reductions in GPR state operations appropriations this fiscal year. In October, the Department of Administration increased our turnover requirement from 3% to 7%. As directed, the agency placed \$113,000 in unallotted reserve to lapse at year-end. As a result of this reduction, the agency has operated under a virtual hiring freeze since that time. In January, we were notified of another GPR reduction of .5% of state operations. The agency complied by moving an additional \$36,702 to unallotted reserve in various appropriations. At this point, we have virtually no discretionary funding available to fund anything but normal fixed operating costs.

Aside from state operations appropriations that have already been reduced, the department reviewed the status of its local assistance appropriations to identify any potential sources of funding. We believe that the appropriation for Emergency Response Equipment, §20.465(3)(dp) may have a year end balance that could be reallocated to partially fund increased utility costs. This appropriation funds grants to counties under §166.21(2m)(e) for emergency response equipment for Level B emergency response teams. Counties may apply for reimbursement on an annual basis for up to 80% of the cost of Level B emergency response equipment, up to \$10,000 annually. Historically, all funds appropriated for this purpose have not been used.

**DEPARTMENT OF MILITARY AFFAIRS  
 DIVISION OF EMERGENCY MANAGEMENT  
 LEVEL B EQUIPMENT GRANTS PAID TO COUNTIES**

FISCAL YEAR	BUDGETED	EXPENDED	BALANCE
1999-2000 (GPR)	568,000	404,724	163,276
1998-1999 (GPR)	568,000	340,285	227,715
1997-1998 (GPR)	568,000	411,888	156,112 *
1996-1997 (SEG)	720,000	355,621	364,379
1995-1996 (SEG)	720,000	196,953	523,047
1994-1995 (SEG)	720,000	131,409	588,591

(\*) – The \$156,112 balance in the appropriation in 1997-98 was shifted to the Level A team appropriation in 1998-99 by the Joint Committee on Finance pursuant to §13.10.

As shown in the above table, the maximum disbursements from this appropriation since its inception were \$411,800 in 1997-98. Division of Emergency Management staff indicates that proposals received from the counties this year total \$472,117. However, proposals are based on estimated costs, and reimbursements are based on actual costs. Over time, actual grant payments have averaged 93% of the original estimates. If the same proportion holds true for FY 2000-01, the actual disbursement could be as low as \$439,100 or as high as the initial estimate of \$472,100. The department believes a \$100,000 reduction in the \$568,000 appropriation would still allow sufficient funds to meet all obligations under the statute.

**Relation of this Request to §13.101(3) and (4), Wisconsin Statutes**

The agency understands that a request under this provision must meet the following statutory criteria:

- The committee must find that an (unforeseen) emergency exists.
- Funding was not provided for that purpose.
- The purpose for which the funding is requested is authorized by law.

The department believes that having to close facilities or have employees work in unheated facilities constitutes a potential emergency. We note that the budget instructions for 1999-01 indicated that the Department of Administration would develop reestimates for fuel and utilities, yet no adjustments were made to 1999-01 base levels. Nevertheless, we believe the extraordinary price increases for natural gas we are experiencing this year would have been impossible for anyone to predict. Clearly, the statutory definition of the appropriation under §20.465(1)(f) authorizes expenditures for utility costs.

**Agency Representatives at the Meeting**

Although the date for the meeting has not yet been established, the department intends to be represented by the following individuals:

Major General James G. Blaney, The Adjutant General  
 Steven L. Bendrick, Budget & Fiscal Officer OR  
 Lucinda Fritchen, Deputy Budget & Fiscal Officer

**Request Prepared by:**

Steven L. Bendrick  
 Budget & Fiscal Officer  
 Department of Military Affairs  
 242-3155

**Address Questions to:**

Lucinda Fritchen  
 Deputy Budget & Finance Officer  
 Department of Military Affairs  
 242-3156

**13.10 Meeting  
April 24, 2001  
Agenda Item VIII**

**Issue: Military Affairs – Supplemental Funding for National Guard Tuition Grant Payments**

**Staff Recommendation:** Alternative 2 or 3

**Comments:**

DMA is requesting \$555,000 GPR to address a potential shortfall in the National Guard tuition grant reimbursement program. Their needs are based on estimates of reimbursement grants for the current spring term. LFB says the Department's expectation of a shortfall is reasonable.

However, LFB estimates that approximately 200 students will submit claims for reimbursement late (as is customarily the case), so the request can be tapered back a bit to \$302,500 GPR. Seems fine to make that assumption, so it's probably easiest to go with Alt. 3. If not, Alt. 2 gives them all the funding they requested, less a small adjustment based on better LFB figures.

Again, this will be funded with Department of Corrections prison bed contract money.

**Prepared by:** Julie



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

*Julia*

April 24, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Military Affairs: Section 13.10 Request for Supplemental Funding for National Guard Tuition Grant Payments -- Agenda Item VIII

The Department of Military Affairs (DMA) is requesting a supplement of \$555,000 GPR in 2000-01 to its s. 20.465(2)(a) appropriation that funds tuition reimbursement grants payable to members of the Wisconsin National Guard. The Department proposes that the supplement be provided from the Joint Committee on Finance s. 20.865(4)(a) supplemental appropriation. Base level funding for the tuition grant program is \$3,589,400 GPR annually in a biennial appropriation.

### BACKGROUND

Under the DMA tuition grant program, enlisted members and warrant officers of the Wisconsin National Guard are eligible for tuition reimbursement for baccalaureate degree work. Grants are provided for 100% of actual tuition expenses, not to exceed the maximum of the resident undergraduate tuition at UW-Madison for a comparable academic load, for up to eight full semesters of undergraduate courses, or 120 credits of part-time study. Students have 90 days after completing their coursework to apply for reimbursement. DMA categorizes the tuition reimbursements as either summer, fall or spring semester grants.

The tuition grant program was established by Chapter 29, Laws of 1977, as a recruiting incentive and initially funded 50% of National Guard members' eligible tuition costs. Subsequently, 1989 Wisconsin Act 31 lowered the reimbursement rate to 25% of eligible tuition costs but expanded the program to include National Guard members who were also eligible for GI Bill benefits. The tuition grant reimbursement rate was restored to 50% of eligible tuition costs by 1991 Wisconsin Act 39. The reimbursement rate was finally increased to the current 100% of eligible tuition costs by 1997 Wisconsin Act 27.

DMA sought additional funding for the tuition grant program as part of its 1999-01 biennial budget request. This Committee denied the agency's requested increase, in large part because the program had lapsed \$552,800 GPR in 1997-98 and was projected to lapse an additional \$424,700 GPR in 1998-99. The Committee continued the 1998-99 base level funding for the program (\$3,589,400 GPR) for both fiscal years of the 1999-01 biennium. However, in light of concerns expressed by DMA about potential shortfalls in the appropriation if participation in the program increased significantly, the Committee converted the appropriation from annual to biennial to provide additional flexibility to the Department in managing any increased utilization of the program. The Committee also included a session law provision in the biennial budget stipulating that if the Department determined that the National Guard tuition grant appropriation was insufficient during either 1999-00 or 2000-01, the agency must submit a supplementation request to this Committee seeking the necessary additional funds.

## ANALYSIS

Pursuant to s. 9135(1z) of 1999 Wisconsin Act 9, the Department is now requesting a supplement of \$555,000 GPR to address a potential shortfall in the agency's National Guard tuition grant reimbursement program. The Department has based its estimate of need on a projected volume of 60 additional fall term reimbursement grants and an estimated 1,760 additional reimbursement grants for the current spring term that will likely need to be paid during this fiscal year. The agency applied an average fall term reimbursement payment rate of \$1,075 to the 1,820 total potential grants that it expects must be paid during the current fiscal year to project a total additional expenditure requirement of \$1,956,500 GPR. At the time the agency submitted its request, the unencumbered balance remaining in the tuition grant appropriation was \$1,401,500 GPR, resulting in the \$555,000 GPR shortfall that the agency has now identified.

In an effort to develop an estimate of the number of tuition reimbursement grants for the spring term of the 2000-01 academic year, we have conducted an analysis of the trends in program growth for the last three full fiscal years (the period during which the tuition grants have been funded at 100% of eligible tuition costs). Table 1 shows the results of this analysis.

**TABLE 1**  
**Actual and Projected Tuition Grant Reimbursement Program Activity**  
**(1997-98 through 2000-01)**

Fiscal Year Terms Ending	Summer		Fall		Spring		Total	
	Number	% Change	Number	% Change	Number	% Change	Number	% Change
1997-98	182	---	1,485	---	1,611	---	3,278	---
1998-99	238	30.8%	1,633	10.0%	1,679	4.2%	3,550	8.3%
1999-00	220	-7.6	1,730	5.9	1,766	5.2	3,716	4.7
2000-01	221	0.5	1,763*	1.9	1,737**	-1.6	3,719	0.1

\* Through March 8, 2001, the actual number of grant payments totaled 1,703. An additional 60 payments are anticipated.

\*\* Projected, based on a trend analysis of the number of grants paid during the past three fiscal years.

Based on this analysis, the number of likely spring term tuition reimbursement grant requests is forecast to be 1,737. Including the projected 60 additional fall term grant requests the Department still expected to be paid, this analysis would suggest a maximum of 1,797 grants that could be payable in 2000-01. Using the most current average grant payment figures for the 2000-01 academic year excluding summer school (\$1,067), the maximum projected tuition reimbursement funding requirement for 2000-01 is projected at \$1,917,400 GPR, or \$515,900 GPR more than the agency's available resources.

A further review of the Department's actual grant payment experience in recent years has determined that 196 grants for the spring term of the 1998-99 academic year were actually paid during the following 1999-00 fiscal year. For the spring term of the 1999-00 academic year, 219 grants were paid during the following 2000-01 fiscal year. In both of these years, the Department had sufficient funding available to support the full amount of spring term grant payments, so it does not appear that the delays in paying the grants were due to funding considerations. Since students may seek tuition reimbursements up to 90 days after completing their coursework, it appears instead that the delayed payment of reimbursement grants into the following fiscal year was due largely to late submissions by students.

If it is assumed that approximately 200 of the projected 1,797 total spring term (and carryover fall term) grant volume will normally be paid in the 2001-02 fiscal year because of late submissions of reimbursement requests, an estimated \$213,400 GPR (based on the current \$1,067 average grant payment figures for the 2000-01 academic year) would not actually be required for grant payments during the current fiscal year. Accordingly, the Committee could further reduce the amount of the supplement provided to the Department by this amount. This adjustment would reduce the agency's revised funding need identified above (\$515,900 GPR) to \$302,500 GPR in 2000-01.

The Committee has insufficient unreserved funds remaining to supplement the Department's projected tuition reimbursement grant program shortfall. However, the Committee does have remaining reserved funding in 2000-01 for Department of Corrections contract beds. Reflecting Committee action through December, 2000, \$14,410,200 GPR in 2000-01 remains in the Committee's appropriation reserved for prison bed contracts. The Department of Corrections has indicated that it will not be requesting these funds for this purpose. Thus, the Committee could provide the required supplementation amounts from these reserved funds.

## ALTERNATIVES

1. Approve the Department of Military Affairs' request for a supplementation of \$555,000 GPR in 2000-01 from the reserved balances in the Committee's supplemental appropriation [s. 20.865(4)(a)] for Department of Corrections contract beds to DMA's National Guard tuition grant appropriation [s. 20.465(2)(a)].

2. Modify the agency's request by providing a supplementation of \$515,900 GPR in 2000-01 from the reserved balances in the Committee's supplemental appropriation [s.

20.865(4)(a)] for Department of Corrections contract beds to DMA's National Guard tuition grant appropriation [s. 20.465(2)(a)]. [This alternative is based on a revised estimate of a maximum of 1,797 grants likely to be payable.]

3. Modify the agency's request by providing a supplementation of \$302,500 GPR in 2000-01 from the reserved balances in the Committee's supplemental appropriation [s. 20.865(4)(a)] for Department of Corrections contract beds to DMA's National Guard tuition grant appropriation [s. 20.465(2)(a)]. [This alternative is based on a revised estimate of a maximum of 1,797 grants likely to be payable, of which 200 will actually be paid during the 2001-02 fiscal year.]

4. Deny the request.

Prepared by: Darin Renner

Can save a bit by assuming 200 students won't submit reimbursements until next FY. Otherwise, Alt-2 is okay.

Reasonable request.

MO# Alt 3

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

VIII. Department of Military Affairs – James G. Blaney, Adjutant General

The department requests a supplement of \$555,000 GPR in fiscal year 2000-01 from the reserved portion of the Committee's appropriation under s. 20.865(4)(a) to the department's tuition grants appropriation under s. 20.465(2)(a) to fund the balance of National Guard tuition grant payments for the remainder of fiscal year 2000-01.

Governor's Recommendation

Approve a reduced one-time supplement of \$530,600 GPR in fiscal year 2000-01 from the reserved portion of the Committee's appropriation under s. 20.865(4)(a). Also direct the Adjutant General to develop options, including prorating grants, for managing the program to stay within the amount of funding budgeted for the program.



WISCONSIN DEPARTMENT OF  
ADMINISTRATION

SCOTT McCALLUM  
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GEORGE LIGHTBOURN  
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**Date:** April 20, 2001

**To:** Members, Joint Committee on Finance

**From:** George Lightbourn, Secretary  
Department of Administration *George Lightbourn*

**Subject:** Section 13.10 Request from the Department of Military Affairs for Funding of the National Guard Tuition Grant Program

**Request**

The department requests a supplement of \$555,000 GPR in fiscal year 2000-01 from the reserved portion of the Committee's appropriation under s. 20.865(4)(a) to the department's tuition grants appropriation under s. 20.465(2)(a) to fund the balance of National Guard tuition grant payments for the remainder of fiscal year 2000-01.

**Background**

The National Guard Tuition Grant program was created in 1977 as an enlistment incentive for new recruits. The program provides grants to Wisconsin National Guard members equal to 100 percent of the actual tuition expenses, not to exceed 100 percent of the undergraduate resident tuition at UW-Madison for a comparable academic load. Members are eligible for a total of eight semesters of undergraduate level courses. Current funding for the program is \$3,589,407 GPR in FY01.

Both the 1989-91 and 1991-93 biennial budgets made significant program changes to expand eligibility and reimbursement levels to encourage retention and improve the overall quality of the Wisconsin National Guard. Eligibility was extended to officers, warrant officers, and full-time technicians and graduate level courses were eligible for reimbursement. The reimbursement level was restored from 25 percent to 50 percent of the resident tuition at UW-Madison for a comparable academic load. Due to these modifications, the program's participation expanded rapidly and grant applications exceeded budgeted funds in from FY90 through FY93.

**National Guard Tuition Grant Program  
 Grants Paid by Academic Term**

<b>Year</b>	<b>Budget</b>	<b>Actual Cost of Grants</b>	<b>Number of Grants</b>	<b>Deficit or Surplus</b>	<b>Average Grant</b>
1989-90	97,000	133,760	871	-38,455	154
1990-91	220,100	264,089	1,650	-43,989	160
1991-92	833,200	981,484	3,189	-148,284	308
1992-93	938,000	1,214,219	3,763	-276,219	323
1993-94	1,247,600	1,247,595	3,921	5	338
1994-95	1,975,800	1,712,657	3,368	263,142	368
1995-96	1,264,800	1,177,881	2,851	86,965	384
1996-97	1,609,400	1,058,297	2,609	551,147	402
1997-98	3,225,500	2,672,695	3,278	552,845	925
1998-99	3,589,400	3,074,541	3,550	514,858	894
1999-00	3,695,679	3,695,671	3,716	8	1,012
2000-01	3,589,407	*4,144,415	*3,965	*-555,008	*1,020

*\*Estimated figures from the 13.10 request from the Department of Military Affairs for FY01*

*Source: Budget, Actual Cost of Grants and Deficit/Surplus figures from Wismart and Number of Grant and Average Grant figures from the Department of Military Affairs*

During the 1993-95 biennial budget deliberations, the department requested the program be fully funded to eliminate what was projected to be a cumulative deficit of \$460,200 at the end of FY93. The Joint Committee on Finance considered a number of alternatives including eliminating eligibility for officers, full-time personnel and graduate level study or lowering reimbursement levels. No action was taken on any of the alternatives by the Joint Committee on Finance. The Legislature subsequently adopted the Governor's recommendations to increase the base appropriation by \$132,800 in 1993-94 and \$196,700 in 1994-95 based on expected increases in the UW-Madison tuition rate and one-time funding of \$176,800 in 1994-95 to partially address the funding shortfall from the 1991-93 biennium. Even with these increases however, the Legislative Fiscal Bureau estimated the Tuition Grant Program shortfall at \$739,800 by June 30, 1995.

On October 6, 1993, the Joint Committee on Finance approved the department's s. 13.10 request to transfer \$176,800 GPR in the tuition grant appropriation from FY95 to FY94, but denied the department's request for \$283,400 GPR of supplemental funding. The committee instructed the department to submit legislation to modify the program's criteria to allow the program to maintain a base

level of funding. Instead of submitting legislation to avoid funding increases the department instituted a one-semester moratorium on grants in the spring of 1995.

In April of 1995 the department requested a supplement of \$220,000 GPR in 1994-95 to pay for grants from the fall semester of the 1994-95 academic year. On April 7, 1995 the Joint Committee on Finance approved \$205,000 in funding to cover the shortfall. From FY95 onward the program has experienced surplus funding. Supplemental legislation was enacted in July of 1995 to provide funding to pay for the 1995 spring semester grants and to clear the cumulative deficit.

The 1995-97 budget repealed the eligibility of officers, warrant officers and graduate students. The 1997-99 budget increased the reimbursement rate from 50 percent to 100 percent and eligibility was restored to warrant officers to increase the percentage of authorized strength in the National Guard in Wisconsin which had suffered as a result of the 1995 spring moratorium on grants. As a result of the increase in the reimbursement rate to 100 percent, recruiting increased and participation in the program began to climb.

A request by the department in the 1999-01 budget for \$35,600 in FY00 and \$216,800 in FY01 was denied because the program had been experiencing surpluses in the program from FY95 onward. The 1999-01 budget bill included a provision directing the department to request additional funding through the s. 13.10 process if base funding was insufficient. The budget bill also made the tuition grant appropriation a biennial appropriation to provide greater funding flexibility.

### **Analysis**

Under s. 21.49(3)(d), the department has the statutory authority to deny grant requests if funding is not available, but cannot prorate grants. Even though the department has the statutory authority to deny grant requests, guard members participate in the program with the understanding that grant funding will be provided as they have not been notified that grants may not be fully funded during this fiscal year. Therefore, it is reasonable for the department to request a supplement under s. 13.10 for this emergency situation. By April 16, 2001 1,752 grants had been paid and an additional 11 grants are expected to be paid for the 2000-01 fall semester for a total of 1,763 grants. The department expects 1,762 grants to be paid for the spring semester.

In addition, the Governor's budget recommendations for the Tuition Grant Program provide \$687,900 GPR in FY02 and \$965,300 GPR in FY03 to maintain a 100 percent reimbursement program.

**National Guard Tuition Grant Program  
Updated FY01 Projected Funding Need**

<b>Funding Available</b>	<b>3,589,408</b>
Expenditures to Date	2,229,262
Additional Costs	1,890,800
<b>Total Expenditures</b>	<b>4,120,055</b>
<b>Total Shortfall</b>	<b>-530,647</b>

According to the department's projections, \$4,144,415 is the estimated need for funding in FY01. Updated figures since the department's request show that projected expenditures are now \$4,120,055 based on current fall grant figures and expenditures. Base funding of \$3,589,408 is available, leaving an updated deficit of -\$530,647.

**Recommendation**

Approve a reduced one-time supplement of \$530,600 GPR in fiscal year 2000-01 from the reserved portion of the Committee's appropriation under s. 20.865(4)(a). Also direct the Adjutant General to develop options, including prorating grants, for managing the program to stay within the amount of funding budgeted for the program.

Prepared by: Deborah Uecker  
267-0371



STATE OF WISCONSIN  
DEPARTMENT OF MILITARY AFFAIRS

OFFICE OF THE ADJUTANT GENERAL  
STATE BUDGET & FISCAL OFFICER  
2400 WRIGHT STREET  
POST OFFICE BOX 14587  
MADISON, WI 53714-0587

March 15, 2001

To: Representative John Gard  
Senator Brian B. Burke  
Co-Chairs  
Joint Committee on Finance

From: Major General James G. Blaney  
The Adjutant General  
Department of Military Affairs

RE: Request Pursuant to §13.10, Wisconsin Statutes  
Supplemental Funding for the Wisconsin National Guard Tuition Grant Program

Request:

The Department of Military Affairs requests a supplement from the committee's appropriation of \$555,000 for its appropriation under §20.465(2)(a) to offset the costs of increasing participation and tuition costs to fulfill its commitments to provide National Guard Tuition Grants in accordance with §21.49, Wisconsin Statutes.

Background:

The National Guard Tuition Grant program was created by Act 29, 1977 Laws of Wisconsin as a recruiting incentive for new recruits. Under the program, enlistees were eligible to receive tuition grants equal to 50% of the actual tuition costs for up to 8 semesters of full time study at qualifying institutions. A ceiling was imposed equal to 50% of the actual cost of a comparable number of credits at UW-Madison. In subsequent years, federal programs were also developed to encourage enlistments. Generally speaking, Wisconsin reacted to the new federal programs by tightening statutory eligibility requirements to provide state tuition grants only to those individuals who for one reason or another were ineligible for federal benefits.

Beginning in the 1987-89 biennium, the Department of Military Affairs began to request various statutory changes to expand program eligibility to improve recruitment and retention and improve the overall quality of the Wisconsin National Guard. Since that time, several significant changes have been made to the program:

- 1989 Wisconsin Act 31 (the 1989-91 Biennial Budget) lowered the reimbursement rate to 25% of tuition but expanded eligibility by eliminating the provision which precluded recipients of GI Bill benefits from participating. In addition, the bill eliminated the provision that benefits could be used only by new enlistees, thus allowing benefits to be used at any time during the member's National Guard career. The changes were effective with courses completed after January 1, 1990.
- 1991 Wisconsin Act 39 made even more significant changes to the program. It extended eligibility to officers, warrant officers and full time technicians, and restored the grant level to 50% of actual tuition. It also provided that the eight semesters of eligibility need not be used only at the undergraduate level, although reimbursement was still limited to 50% of UW-Madison's undergraduate tuition for a comparable academic load.

- The significant changes made in 1989-91 lead to unprecedented participation in the National Guard Tuition Grant program, which exceeded all estimates by the department, the State Budget Office, and the Legislative Fiscal Bureau. As a result, program costs exceeded budgeted funds for the six fiscal years from 1989-90 to 1994-95. During that period, spring semester grants were typically paid after July 1, from funds budgeted for the following year. This on-going shortage resulted in a cumulative deficit within the appropriation, which resulted in the suspension of payments altogether in FY 1994-95. Two separate actions under §13.10 were necessary during FY94 and FY95, and supplemental legislation was enacted in July of 1995 to provide \$635,300 GPR to pay grants for the spring semester of 1995 and clear the deficit. The 1995-97 biennial budget repealed the eligibility of officers, warrant officers, and graduate students.
- In the 1997-99 Biennial Budget (1997 Wisconsin Act 27) the reimbursement percentage was increased from 50% of tuition to 100% (still capped by tuition rates at UW-Madison). Eligibility was restored for warrant officers. As a result of this change, recruiting has increased and participation in the program has again begun to climb.
- In the 1999-2001 Biennial Budget (1999 Wisconsin Act 9), the agency requested increases of \$35,600 and \$216,800 in fiscal years 1999-2000 and 2000-01 respectively, based on our projections of increasing participation in the program. The Governor and the Joint Committee on Finance denied the adjustments based on the fact that the department had lapsed \$550,000 from its Tuition Grants appropriation in FY 1997-98. However, in light of the department's objections and projections that participation was again likely to increase, the committee inserted the following nonstatutory provision into the act:

**§9135(1z) REQUEST FOR ADDITIONAL FUNDING FOR TUITION GRANT PROGRAM.**

*"If the department of military affairs determines that the amount appropriated under section 20.465(2)(a) of the statutes for the payment of national guard tuition grants is anticipated to be insufficient under section 21.49 of the statutes in fiscal year 1999-2000 or in fiscal year 2000-01, the department shall, during that fiscal year request the additional funding necessary to fund the eligible tuition costs from the joint committee on finance."*

In addition, the appropriation was converted to a biennial appropriation, rather than annual. In light of that change, the department elected to defer its request for additional funding until FY 2000-01 after participation for the fall semester could be determined, to ensure that the amount requested was as accurate an estimate of need as possible.

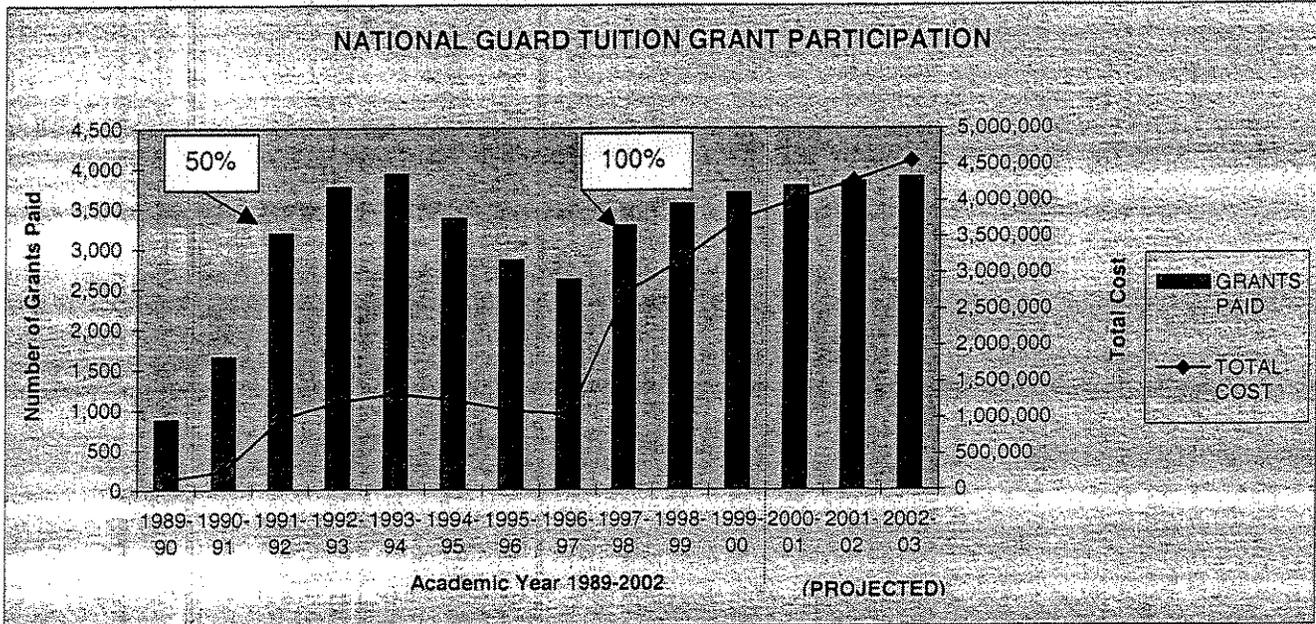
**Historical Program Participation & Costs**

**NATIONAL GUARD TUITION GRANT PROGRAM  
 GRANTS PAID BY ACADEMIC TERM**

ACADEMIC YEAR	SUMMER	FALL	SPRING	TOTAL GRANTS	TOTAL COST	AVG. GRANT
1989-1990	0	28	843	871	\$ 133,760.49	\$153.67
1990-1991	76	827	747	1,650	264,089.49	160.05
1991-1992	137	1,478	1,574	3,189	981,483.95	307.77
1992-1993	226	1,705	1,832	3,763	1,214,219.43	322.67
1993-1994	240	1,841	1,840	3,921	1,326,782.50	338.38
1994-1995	235	1,623	1,510	3,368	1,239,730.45	368.09
1995-1996	180	1,343	1,328	2,851	1,094,557.38	383.92
1996-1997	169	1,224	1,216	2,609	1,048,750.01	401.97
1997-1998	182	1,485	1,611	3,278	2,703,247.10	924.66
1998-1999	238	1,633	1,679	3,550	3,174,793.50	894.31
1999-2000	220	1,730	1,766	3,716	3,759,828.27	1,011.73
2000-2001	219	1,763*	1,762*	3,744*	3,928,235.33*	1,049.21*

(\*) - Estimated Value

(1,703 fall grants paid thru 3/8/2001. In 2000, 60 additional fall grants were paid after 3/8/00. Estimated total is therefore 1,763)



The department notes the similarity between participation levels in FY 1999-00 and FY 2000-01 with those experienced in FY 1992-93. Participation peaked the following year in FY 1993-94 with 3,921 grants awarded. However, officers were eligible for grants in that year. We believe that participation will now level off at some point between 1,750 and 1,800 grants per semester.

We reviewed the actual participation and cost data over the current biennium, and compared them to the assumptions used when we prepared our initial budget request for 1999-2001. Participation is actually 5% lower than our initial estimates, but the average cost per grant exceeded our estimates by nearly 10% in 1999-2000 and 7.5% in FY 2000-01. The average cost per grant is affected by tuition increases at qualifying institutions as well as the average credit load carried by each student. Generally, we believe the program is now serving a greater proportion of full time students, which results in a higher average grant.

Our calculation of the need for additional funding for this program is detailed in Exhibit 1. Over the two years of the biennium, we estimate the shortfall to be \$555,000.

**Relation of this Request to §13.101(3) and (4), Wisconsin Statutes**

The agency understands that a request under this provision must meet the following statutory criteria:

- The committee must find that an emergency exists.
- Funding was not provided for this purpose.
- The purpose for which the funding is requested is authorized by law.

We believe the fact that the committee inserted §9135(1z) into 1999 Wisconsin Act 9 signified its recognition of the importance of having both the agency and the state as a whole stand behind the commitment made under §21.49. When the agency had to suspend payments under this program in FY 1994-95, it damaged our credibility and ability to recruit for several years thereafter. We cannot afford to fail to meet our obligations under this program.

Request Pursuant to §13.10  
Wisconsin National Guard Tuition Grant Program  
March 15, 2001  
Page Four

**Agency Representatives at the Meeting**

Although the date for the meeting has not yet been established, the department intends to be represented by the following individuals:

Major General James G. Blaney, The Adjutant General  
Steven L. Bendrick, Budget & Fiscal Officer or  
Lucinda Fritchen, Deputy Budget & Fiscal Officer

**Request Prepared by:**

Steven L. Bendrick  
Budget & Fiscal Officer  
Department of Military Affairs  
242-3155

**Address Questions to:**

Lucinda Fritchen  
Deputy Budget & Fiscal Officer  
Department of Military Affairs  
242-3156



STATE OF WISCONSIN  
DEPARTMENT OF MILITARY AFFAIRS

OFFICE OF THE ADJUTANT GENERAL  
STATE BUDGET & FISCAL OFFICER  
2400 WRIGHT STREET  
POST OFFICE BOX 14587  
MADISON, WI 53714-0587

June 18, 2001

To: Representative John Gard  
Senator Brian B. Burke  
Co-Chairs  
Joint Committee on Finance

From: Major General James G. Blaney  
The Adjutant General  
Department of Military Affairs

RE: Request Pursuant to §13.10, Wisconsin Statutes  
Supplemental Funding for Fuel and Utilities

**Request:**

The Department of Military Affairs requests a supplement from the committee's appropriation of \$100,000 to offset a projected shortfall in its appropriation for Energy Costs, §20.465(1)(m).

**Background:**

The Department of Military Affairs operates 363 buildings encompassing 3,302,352 square feet to support National Guard operations throughout the State of Wisconsin. 289 of these buildings are state owned, the remaining 74 are owned by the federal government and licensed to the state to operate. Under the Defense Facilities Act of 1950, the primary responsibility of operating and maintaining National Guard facilities is assigned to the states. Federal funds are available to support operational costs (such as utilities) only at specific facilities that are of a more specialized functional design than unit armories. However, the operational costs of the basic National Guard facility, the unit armory, remain a 100% state responsibility. The Department of Military Affairs currently operates 67 unit armories throughout the state. For a limited number of facilities, federal funds can be used to provide utilities. However, for most non-armory facilities, federal funds are limited to 75% of costs, and the state must provide 25% matching funds. The Department of Military Affairs funds these costs from its appropriation for Energy Costs, §20.465(1)(f).

The Department of Military Affairs submitted a request pursuant to §13.10, Wisconsin Statutes, in March, 2001. The original request indicated that the Department would be faced with a \$310,800 deficit in its Energy appropriation. Joint Finance approved a supplement of \$205,300 at that time utilizing a combination of funds identified within the Departments appropriations and funds set aside from Corrections for anticipated payments to an injured volunteer in Manitowoc County.

While utility costs naturally fluctuate with the weather and the amount of space occupied, DMA's continuous energy improvement efforts have led to fairly stable costs over the past 10 years, despite the occupancy of a number of major new facilities, including the department's new headquarters in Madison which was occupied in 1993-94. The expenditure history of the appropriation over that time span is as follows:

**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS  
 FUEL & UTILITY EXPENDITURE HISTORY  
 1990-2000**

FISCAL YEAR	BUDGETED	EXPENDED	BALANCE
1999-2000	1,518,800	1,328,673	190,127
1998-1999	1,518,800	1,290,740	228,060
1997-1998	1,475,400	1,272,405	202,995
1996-1997	1,490,400	1,407,700	82,700
1995-1996	1,456,600	1,394,560	62,040
1994-1995	1,416,200	1,250,877	165,323
1993-1994	1,284,500	1,284,500	-0-
1992-1993	1,071,200	1,070,192	1,008
1991-1992	1,090,900	1,025,977	64,923
1990-1991	1,153,100	989,931	163,169
<b>10 YEAR AVG</b>	<b>1,347,590</b>	<b>1,231,550</b>	<b>116,035</b>

Over the past decade, the department has exhausted its fuel and utility appropriation only once. Expenditures have averaged roughly \$1.25 million annually over the period.

However, it is apparent that the situation unfolding in FY 2000-01 differs significantly from this pattern. The department compared its utility expenditures as of June 1, 2001 to those of June 1, 2000. The differences were startling.

**DEPARTMENT OF MILITARY AFFAIRS  
 UTILITY EXPENDITURE COMPARISON  
 JUNE 1, 2000 vs. JUNE 1, 2001**

DESCRIPTION	EXPENDED 6/1/2000	EXPENDED 6/1/2001	% Δ
Electricity	603,158	629,060	+ 4.30%
Natural Gas	523,295	946,197	+ 80.82%
Purchased Steam	7,315	7,685	+ 5.06%
Water & Sewer	69,186	71,462	+ 2.41%
All Other Costs	2,717	3,004	+10.57%
<b>OVERALL</b>	<b>1,205,670</b>	<b>1,657,408</b>	<b>+ 37.47%</b>

<b>Total Fuel &amp; Utility Cost: FY 1999-2000</b>	<b>1,328,673</b>
<b>Times: Cost Escalation over FY 2000 levels</b>	<b>X 1.375</b>
<b>Estimated FY 2001 Expenditures</b>	<b>1,826,900</b>
<b>Less: Appropriation Base Level</b>	<b>1,724,100</b>
<b>Estimated Shortfall</b>	<b>102,800</b>

**Discussion:**

The department reviewed data from the National Weather Service and conducted a detailed analysis of January, 2000 and 2001 billings from a sample of 12 locations. The statistical results of these reviews are summarized in Exhibit 1. Our conclusions from those efforts are as follows:

- Based on heating degree day (HDD) information reported by the five National Weather Service locations that serve Wisconsin (Milwaukee, Madison, Green Bay, LaCrosse, and Duluth, MN), we found that the data indicates that higher costs are somewhat climate related, but not dramatically so. The average HDD values from the five locations indicate that the winter of 2000-01 has been approximately 12% colder than the winter of 1999-2000, but cannot be characterized as severe. In fact, the data indicates that the overall heating degree load this winter has been very close to the NWS 30 year "normal" value for a Wisconsin winter.
- Our sample of January billings was drawn from various geographic locations across the state and a variety of utility providers. Based on these sample locations, we concluded that excessive usage has not been a factor in the increase. In fact, unit usage (therms used) was actually 6% less in January, 2001 than it had been in January, 2000.
- The analysis strongly indicates that the overall cost increases we have observed are predominately price related. Based on our 12 location sample, we found that the average cost per therm of natural gas use has increased by 127% over January, 2000 levels. Price increases across the sampled locations ranged from a low of an 89% increase to nearly 160%. Clearly, the overall cost increases we have absorbed have been due to market factors that are outside of the agency's control.

**Alternative Funding Sources:**

At this point in the fiscal year, the department's options in funding these increased costs are extremely limited. The department has already absorbed two significant reductions in GPR state operations appropriations this fiscal year. In October, the Department of Administration increased our turnover requirement from 3% to 7%. As directed, the agency placed \$113,000 in unallotted reserve to lapse at year-end. As a result of this reduction, the agency has operated under a virtual hiring freeze since that time. In January, we were notified of another GPR reduction of .5% of state operations. The agency complied by moving an additional \$36,702 to unallotted reserve in various appropriations. At this point, we have virtually no discretionary funding available to fund anything but normal fixed operating costs.

**Relation of this Request to §13.101(3) and (4), Wisconsin Statutes**

The agency understands that a request under this provision must meet the following statutory criteria:

- The committee must find that an (unforeseen) emergency exists.
- Funding was not provided for that purpose.
- The purpose for which the funding is requested is authorized by law.

The department believes that having to close facilities or have employees work in unheated facilities constitutes a potential emergency. We note that the budget instructions for 1999-01 indicated that the Department of Administration would develop reestimates for fuel and utilities, yet no adjustments were made to 1999-01 base levels. Nevertheless, we believe the extraordinary price increases for natural gas we are experiencing this year would have been impossible for anyone to predict. Clearly, the statutory definition of the appropriation under §20.465(1)(f) authorizes expenditures for utility costs.

**Agency Representatives at the Meeting**

Although the date for the meeting has not yet been established, the department intends to be represented by the following individuals:

Major General James G. Blaney, The Adjutant General  
Larry Olson, Executive Assistant  
Lucinda Fritchen, Deputy Budget & Fiscal Officer

**Request Prepared by:**

Lucinda Fritchen  
Deputy Budget & Finance Officer  
Department of Military Affairs  
242-3156

WISCONSIN DEPARTMENT OF MILITARY AFFAIRS  
ANALYSIS OF SAMPLE UTILITY BILLINGS FOR JANUARY, 2000 VS. JANUARY, 2001

FACILITY	PROVIDER/UTILITY	JANUARY, 2000 BILLING					JANUARY, 2001 BILLING					PERCENT CHANGE		
		DEGREE DAYS	TOTAL BILLED	THERMS USED	COST/THERM	(Sum)	DEGREE DAYS	TOTAL BILLED	THERMS USED	COST/THERM	(Sum)	TOTAL COST	UNIT USAGE	PRICE/UNIT
Madison Headquarters	Madison Gas & Electric	1,393	\$6,801.88	15,173	0.448288	(Sum)	1,414	\$14,771.78	15,463	0.955298	(Sum)	117.17%	191%	113.10%
Milwaukee Armory	Wisconsin Gas	1,201	\$3,355.54	6,522	0.514496	(Sum)	1,173	\$5,853.90	5,765	1.015421	(Sum)	74.45%	-11.61%	97.36%
Camp Williams CSMS	WPS Energy Services	NA	\$10,895.63	32,010	0.334134	(Sum)	NA	\$23,539.36	27,440	0.857848	(Sum)	120.08%	-14.28%	156.74%
Wausau Armory	Wisconsin Fuel & Light	1,444	\$1,311.16	2,663	0.492362	(Sum)	1,403	\$2,570.08	2,739	0.938328	(Sum)	96.02%	2.85%	90.58%
Kenosha Armory	Wisconsin Electric	1,210	\$783.88	1,698	0.461649	(Sum)	1,149	\$1,762.71	1,720	1.024831	(Sum)	124.87%	1.30%	121.99%
Superior Armory	Superior Water, Power & Light	1,603	\$1,917.00	3,595	0.533241	(Sum)	1,544	\$3,609.99	3,359	1.074722	(Sum)	88.31%	-6.56%	101.55%
Platteville Armory	Alliant Energy	1,346	\$1,211.91	2,518	0.481299	(Sum)	1,435	\$2,741.20	2,195	1.248838	(Sum)	126.19%	-12.83%	159.47%
Menomonee Armory	Northern States Power/ Xcel Energy	1,397	\$1,353.16	2,265	0.597422	(Sum)	1,319	\$2,053.24	1,760	1.166614	(Sum)	51.74%	-22.30%	95.27%
New Richmond Armory	Northern States Power/ Xcel Energy	1,410	\$1,174.36	2,065	0.568697	(Sum)	1,263	\$2,298.63	2,004	1.147021	(Sum)	95.73%	-2.95%	101.69%
Green Bay Armory	Wisconsin Public Service Corp	1,367	\$1,212.56	2,684	0.451773	(Sum)	1,264	\$2,591.81	2,260	1.146819	(Sum)	113.75%	-15.80%	153.85%
Rhinelanders Armory	Wisconsin Public Service Corp	1,616	\$582.26	1,264	0.460649	(Sum)	1,697	\$1,845.12	1,913	0.964516	(Sum)	216.89%	51.34%	109.38%
Waupun Armory	Alliant Energy	1,284	\$1,165.00	2,457	0.474155	(Sum)	1,415	\$3,007.07	2,552	1.178319	(Sum)	158.12%	3.87%	148.51%
Monroe Armory	Wisconsin Gas	1,402	\$701.99	1,351	0.519608	(Sum)	1,340	\$1,817.56	1,852	0.981404	(Sum)	158.92%	37.08%	88.87%
Marquette Armory	Wisconsin Public Service Corp	1,490	\$1,373.32	3,011	0.456101	(Sum)	1,519	\$3,341.12	3,505	0.953244	(Sum)	143.29%	16.41%	109.00%
Whitewater Armory	Wisconsin Electric	1,372	\$899.78	1,949	0.461662	(Sum)	1,302	\$1,604.32	1,627	0.98606	(Sum)	78.30%	-16.52%	113.59%
		1,394	\$34,539.43	81,225	0.425232	(Sum)	1,374	\$73,407.89	76,154	0.96394	(Sum)	112.53%	-6.24%	126.69%

ANALYSIS OF HEATING DEGREE DAYS - WINTER OF 2000-01 TO MARCH 1  
BASED ON DATA FROM NATIONAL WEATHER SERVICE REPORTING STATIONS

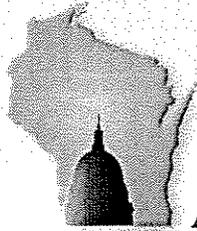
NATIONAL WEATHER SERVICE REPORTING STATION	HEATING DEGREE DAYS TO MARCH 1			% OF NORMAL HEATING LOAD		
	2000	2001	NORMAL	2000	2001	2001
Madison	4,958	5,752	5,709	86.85%		100.75%
Milwaukee	4,948	5,900	5,714	86.59%		103.26%
Green Bay	5,553	6,020	5,963	93.12%		100.96%
LaCrosse	4,406	5,227	5,303	83.09%		98.57%
Duluth, MN	6,341	7,048	7,152	88.66%		98.55%
5 STATION AVERAGE	5,241	5,939	5,968			
PERCENT OF NWS "NORMAL"	87.82%	100.36%	100.00%	87.82%		100.36%

IV. Department of Veterans Affairs – Raymond Boland, Secretary

The department requests the transfer of \$90,000 SEG (Veterans Trust Fund) in fiscal year 2000-01 from the department's veterans' tuition and fee reimbursement program appropriation under s. 20.485(2)(tf) to the department's military honors funerals appropriation under s. 20.485(2)(q).

Governor's Recommendation

Approve the request to transfer \$90,000 SEG in fiscal year 2000-01 from the department's veterans' tuition and fee reimbursement program appropriation under s. 20.485(2)(tf) to the department's military honors funerals appropriation under s. 20.485(2)(q).



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT McCALLUM**  
GOVERNOR

**GEORGE LIGHTBOURN**  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842  
TTY (608) 267-9629

**Date:** June 29, 2001

**To:** Members, Joint Committee on Finance

**From:** George Lightbourn, Secretary  
Department of Administration *George Lightbourn*

**Subject:** Section 13.10 Request from the Department of Veterans Affairs for Military Funeral Honors Program Reimbursements

**Request**

The department requests the transfer of \$90,000 SEG (Veterans Trust Fund) in fiscal year 2000-01 from the department's veterans' tuition and fee reimbursement program appropriation under s. 20.485(2)(tf) to the department's military honors funerals appropriation under s. 20.485(2)(q).

**Background**

1999 Act 136 authorized the Military Funeral Honors Program to be administered by the Department of Veterans Affairs (DVA). This act requires the department to coordinate military funeral honors for deceased veterans and to reimburse local veterans service organizations (VSO's) with a \$50 dollar grant for every funeral in which they provide military honors. The act also established teams employed by the department which also provide military honors when the VSO's cannot provide honors. Honor services are provided to families that request them at no cost to the family.

The United States Department of Veterans Affairs estimates that 12,789 Wisconsin veterans will die in the 12 month period ending September 20, 2001, or 1,064 per month. This figure is expected to increase to a peak of 1,085 per month for the period ending September 30, 2005 and decrease over time to 1,026 per month for the period ending September 30, 2011.

**Analysis**

Military funeral honors provided to a deceased veteran are initiated when the veteran's family or the funeral director requests funeral honors either by contacting a local VSO or DVA. If the funeral director directly contacts a VSO to perform funeral honors, that VSO performs funeral honors completing the service. Subsequently, the stipend

request of \$50 for the VSO is submitted to DVA along with appropriate documentation. If the department is contacted by the family or the funeral director, the department places a call to the appropriate branch of service Casualty Area Command (CAC). The CAC may either task federal assets (active component and Federal Reserve Forces) or National Guard soldiers to provide funeral honors. If federal assets are tasked, two uniformed service members and a team leader coordinate directly with the funeral director and funeral honors are performed. Federal assets are not always available to perform honors. If the National Guard is tasked and accepts the mission, the National Guard coordinates directly with the funeral director. The department contacts the CAC to report that the request is filled and funeral honors are performed completing the service. If the National Guard is unable to perform funeral honors, a DVA Military Funeral Honors Team is assigned to perform funeral honors completing the service. The desires of the family are considered.

Based upon the 11 months from July 1, 2000 through May 31, 2001, VSO's have performed an average of 201 funeral honors per month. The department's most recent data shows that this figure was approximately 145 per month in July 2000 and increased to 290 per month when the stipend fund reimbursement moratorium was announced in December 2000 advising VSO that funding for reimbursements had been depleted. Requests for reimbursements have been relatively stable at approximately 260 per month thereafter. During the same time period, federal assets have averaged 31 funeral honors per month and the National Guard has averaged 12 funeral honors per month. DVA Military Funeral Honors Teams have performed a total of 155 funeral honors since July 2000 but it must be noted that these teams were not staffed and operational until January 2001, equating to a monthly average of 31 funeral honors. The department expects the National Guard numbers to decrease as DVA's teams are fully manned and Guard personnel begin attending Annual Training.

Since the recent initiation of the program demand for reimbursement grants has been significantly higher than was anticipated at the time when the legislation was drafted. At present, the department estimates that 50 to 60 percent of the families of deceased veterans are requesting funeral honors. With increasing public awareness of the program the department expects this percentage to increase to 90 to 95 percent. If approximately 1,085 Wisconsin veterans pass away each month, approximately 1,030 funeral honors would be performed each month for the next few years. In the next biennium, the department expects veterans service organizations to provide approximately 50 percent of these honors, or approximately 500 honors per month. The department also estimates these organizations will request approximately 2,500 stipend reimbursements per year, or approximately 200 per month for the next few years. DVA honor guard teams would provide approximately 30 percent of the honors requested and the active military would provide the remaining 20 percent.

The original intent of the program was to provide honors services for deceased veterans and to pay a \$50 dollar stipend to VSO's that incurred extraordinary costs to perform these honors. In reality, the department is receiving requests for reimbursement for every funeral in which military honors are provided by VSO's. Board minutes of the department state that the secretary of the department did not expect that the program would be an automatic stipend request for every funeral honors event.

To resolve the funding problem, the department is currently working with the Funeral Home Directors Association and with veteran service organizations to better define the extraordinary conditions that merit grant funding for reasonable expenses through an administrative rule. Items being considered include: 1) a time deadline in which the VSO must submit a request for the stipend (there is currently no time limit), 2) a scaled stipend amount based upon reasonable expenses incurred and the size of the honors detail (2, 4 or 7 people), 3) restricting or eliminating the stipend when a VSO performs funeral honors for "one of their own," 4) eliminating the stipend to a VSO when a DVA Military Funeral Honors Team performs funeral honors for a deceased veteran, and 5) requiring a certification from the funeral director as well as the VSO applying for a stipend that the deceased veteran's family has not made a payment to the funeral home or a contribution to the VSO for the funeral honors for which the VSO is requesting the stipend. The department expects that once administrative rules are adopted the department will be able to control expenditures in the program.

The program began with a budget of \$55,000 in fiscal year 2000-01, which was exhausted by December of 2000. The current backlog for reimbursement is 1,270 claims equating to \$63,500. There are an additional 140 claims potentially representing an additional \$7,000 that have been submitted but are not included in this figure as the department has requested additional information prior to ruling on the claim but has received no response. In addition to this are an estimated 50 claims for funeral honors that have been performed subsequent to July 1, 2000 that have not yet been submitted by VSOs' due to the lack of any filing deadline. More requests may be sent once additional funding is available but this figure is unknown. The department estimates that there will be 2,500 total stipend requests through the end of this fiscal year and the additional \$90,000 requested will be adequate to handle these requests.

The department anticipates that the funding requested in the budget bill (\$100,000 SEG in fiscal year 2001-02 and \$125,000 SEG in fiscal year 2002-03) will be adequate for approximately 2,500 stipend requests in each year of the next biennium. During this time approximately 95 percent of all veterans' families are expected to ask for funeral honors which will total approximately 1,030 honors services performed each month in Wisconsin. ♦

The department requests to transfer \$90,000 SEG from its Tuition Fee

Reimbursement Grant Program to the Military Funeral Honors Program to cover the shortage in the Military Funeral Honors Program. The Tuition and Fee Reimbursement Program's budget is \$1,551,400 in fiscal year 2000-01. The department projects that approximately \$1.2 million to \$1.3 million of this spending authority will be required this fiscal year, leaving enough funding to pay for the backlog in requests by veterans service organizations for stipend reimbursements.

**Military Funeral Honors Program  
 FY01 Grant Expenditures**

Total Grants Paid to Date	1,100	Expenditures to Date	\$55,000
Total Grants Unpaid	1,270	Funding Needed for Unpaid Grants	\$63,500
Total Future Grants	190	Funding Needed for Future Grants	\$9,500
<b>Total Grants</b>	<b>2,560</b>	<b>Total Expenditures</b>	<b>\$128,000</b>
		Less Base Funding	-\$55,000
		<b>Current Estimated Shortfall</b>	<b>\$73,000</b>

**Recommendation**

Approve the request to transfer \$90,000 SEG in fiscal year 2000-01 from the department's veterans' tuition and fee reimbursement program appropriation under s. 20.485(2)(tf) to the department's military honors funerals appropriation under s. 20.485(2)(q).

Prepared by: Deborah A. Uecker  
 267-0371



STATE OF WISCONSIN, DEPARTMENT OF VETERANS AFFAIRS

30 West Mifflin Street, P.O. Box 7843, Madison, WI 53707-7843  
PHONE: (608) 266-1311 1-800-947-8387 (WIS VETS)  
WEB SITE: [dva.state.wi.us](http://dva.state.wi.us)  
E-MAIL: [Headquarters@dva.state.wi.us](mailto:Headquarters@dva.state.wi.us)  
FAX: (608) 267-0403

Scott McCallum, Governor  
Raymond G. Boland, Secretary

March 30, 2001

The Honorable Brian Burke  
Senate Chair  
Joint Committee on Finance  
Room 316 South  
State Capitol  
Madison, WI 53707

The Honorable John G. Gard  
Assembly Chair  
Joint Committee on Finance  
Room 315 North  
State Capitol  
Madison, WI 53707

Dear Senator Burke and Representative Gard:

Request

The Department of Veterans Affairs is requesting the transfer of spending authority in the amount of \$90,000 from appropriation 281, the Tuition Fee and Grant Reimbursement (TFRG) program, to appropriation 260, the Military Funeral Honors grant program, through the s. 13.10, Stats., process. The transfer is being requested so the Department can effectively administer the Military Honors Funeral program and meet the demand for reimbursements.

Background

S. 46.19, Stats., authorizing the Military Funeral Honors program was created by 1999 Act 136, effective May 23, 2000. This legislation requires the Department of Veterans Affairs to coordinate military honors funerals for deceased veterans and to reimburse local Veterans Service Organizations an amount of \$50 for every funeral in which they provide the military honors. The annual spending authority for the grant program is \$55,000.

The demand for the \$50 per funeral reimbursement has been significantly higher than was anticipated at the time the legislation was drafted. The \$55,000 of spending authority for FY01 was exhausted by the end of December, 2000. The Department currently has a backlog of 1,020 requests for reimbursement. It is estimated we will receive an average of 260 requests per month for reimbursement for the last three months of the fiscal year. This will result in an estimated shortage of \$90,000 in funding for the program in this fiscal year.

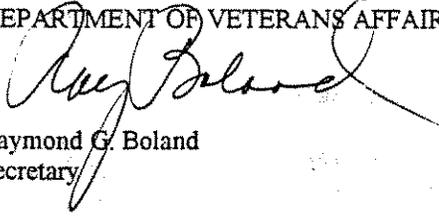
The original intent of the MFHP legislation was to provide honor services for deceased veterans and to pay a \$50.00 stipend to those veteran service organizations that incurred extraordinary costs in the provision of the services. Honor services are to be at no cost to the families. In reality, the Department is receiving requests for reimbursement for every funeral in which military honors are provided by the veterans' service organizations. Currently the department is working with the Funeral Home Directors Association and with the veterans' service organizations to better define the extraordinary conditions under which the stipend will be paid. Also, we are working on a budget amendment that will request an amount of funding that will cover the full cost of the stipend payments.

s. 13.101(4), Stats., authorizes the Joint Committee on Finance to transfer between appropriations. Therefore, the Department is requesting the Legislature approve the transfer of \$90,000 of spending authority from the Tuition Fee and Reimbursement Grant (TFRG) program, appropriation 281, to the Military Funeral Honors program, appropriation 260, to cover the anticipated shortage of funding. The TFRG program has annual spending authority of \$1,551,400. Estimated projections for the TFRG program indicate that approximately \$1.2 million to \$1.3 million of this spending authority will be required this fiscal year. Therefore, the transfer of the \$90,000 will not endanger the purpose and effectiveness of the TFRG program.

Thank you for your consideration of this request. If you have any questions or need additional information, please contact Bob Cocroft at 266-2256.

Sincerely,

DEPARTMENT OF VETERANS AFFAIRS



Raymond G. Boland  
Secretary

Attachment

cc: Bob Lang, Legislative Fiscal Bureau  
George Lightbourn, Department of Administration

III. Department of Military Affairs – James G. Blaney, Adjutant General

The department requests a one-time supplement of \$100,000 GPR in fiscal year 2000-01 from the Committee's appropriation under s. 20.865(4)(a) to the department's energy costs appropriation under s. 20.465(1)(f) to pay for higher fuel costs.

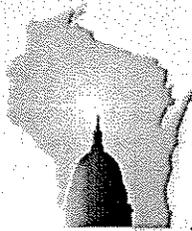
Governor's Recommendation

Approve the request, with the supplement taken from the reserved portion of the Committee's appropriation.

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

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WISCONSIN DEPARTMENT OF  
ADMINISTRATION

**Date:** June 29, 2001

**To:** Members, Joint Committee on Finance

**From:** George Lightbourn, Secretary  
Department of Administration *George Lightbourn*

**Subject:** Section 13.10 Request from the Department of Military Affairs for Increased Fuel and Utility Costs

**Request**

The department requests a one-time supplement of \$100,000 GPR in fiscal year 2000-01 from the Committee's appropriation under s. 20.865(4)(a) to the department's energy costs appropriation under s. 20.465(1)(f) to pay for higher fuel costs.

**Background**

The Department of Military Affairs maintains a substantial amount of state-owned and federally-owned property around the state for an agency of its size. This includes 363 buildings containing approximately 3.3 million square feet that support National Guard operations. By Department of Defense requirements, state governments have the primary responsibility for operating and maintaining National Guard facilities. While federal funds are available to pay for operational costs such as utilities at locations that perform more specialized functions than unit armories, the operational costs of the basic National Guard armories are a 100 percent state responsibility. In addition, for most non-armory facilities federal reimbursements for operational costs are limited to 75 percent and the state must provide the remaining 25 percent.

While the Wisconsin National Guard has experienced an increase in the amount of space it occupies over the years, including the department's new headquarters in Madison in fiscal year 1993-94, energy efficiency efforts have allowed the department to pay for energy costs within its base budget. Over the past decade the department exhausted its fuel budget only one time, in fiscal year 1993-94. Over the last ten years, on average the department has expended \$1,231,600 in its GPR fuel and utilities appropriation, s. 20.465(1)(f), while the average budgeted funding was \$1,347,600, leaving an average balance of \$116,000 per year.

In March of 2001 the department submitted a s. 13.10 request for \$310,800 because of higher energy costs in fiscal year 2000-01. On April 24, 2001 the Joint Committee on Finance approved a total of \$205,300, including a GPR supplement of \$100,000 from s. 20.856(4)(a), the Committee's GPR supplemental appropriation, and a transfer of \$105,300 from DMA's emergency management general program operations appropriation s. 20.465(3)(a).

As of June 25, 2001, the department has spent \$1,720,189, or 99.77 percent, of its total fuel and utility budget of \$1,724,100, composed of the original budget of \$1,518,800, plus the \$205,300 in funding the department received at the s. 13.10 meeting in April of 2001. The department currently estimates that it has more than \$60,000 in outstanding fuel and utility bills left to pay for the current fiscal year but does not have an exact figure at the moment.

As illustrated in the table below, year-to-date fuel expenditures as of the beginning of June of this year are 38 percent higher than at the same time a year ago. That rise in expenditures is largely due to the large increase in natural gas prices over the past winter. The department spent \$542,300 on natural gas in fiscal year 1999-00. The department currently projects natural gas expenditures to be \$980,600, an 81 percent increase over the fiscal year 1999-00 expenditure total for natural gas.

The department's current request for funding compared June 1, 2000 fuel expenditures with those as of June 1, 2001, showing a 38 percent increase in expenditures which the department used as the basis for its supplement calculation.

**Department of Military Affairs  
Utility Expenditure Comparison and FY01 Estimated Shortfall**

**June 1, 2000 vs. June 1, 2001**

<b>Fuel</b>	<b>Expended 6/1/2000</b>	<b>Expended 6/1/2001</b>	<b>Percentage Change</b>
Electricity	603,158	629,060	+4%
Natural Gas	523,295	946,197	+81%
Purchased Steam	7,315	7,685	+5%
Water & Sewer	69,186	71,462	+3%
All Other Costs	2,717	3,004	+11%
<b>Overall</b>	<b>1,205,670</b>	<b>1,657,408</b>	<b>+38%</b>

Total Fuel & Utility Cost for FY00	1,328,673
Times Cost Escalation over FY00 levels	x 1.375
Estimated FY01 Fuel Expenditures	1,826,900
Less Base Funding	1,724,100
<b>Estimated Shortfall</b>	<b>102,800</b>

Sources: WiSMART and DMA s. 13.10 request

### Analysis

The recent dramatic rise in fuel prices has eroded the average balance in the department's fuel budget, largely due to the increased cost of natural gas. Natural gas is historically priced around \$2 per decatherm at the well head where natural gas is produced. That was the wholesale price of natural gas in July of 1998. By January of 2000 the price had increased to \$5.624 per decatherm in Wisconsin and by January of 2001 it reached its highest level in Wisconsin at around \$11 per decatherm, a 101.4 percent increase over January of 2000. As of March 7, 2001 the Wisconsin Energy Bureau reported that the price of natural gas for residential consumers in Wisconsin had dropped to \$8.052 per decatherm. At the height of natural gas prices this past winter, energy experts within the Department of Administration and the Public Service Commission predicted that it will take eight to sixteen months for natural gas prices to drop to more historical levels.

The Governor's 2001-03 budget increased the department's GPR fuel and utility appropriation by \$348,100 in fiscal year 2001-02 and by \$120,700 in fiscal year 2002-03 over base level funding of \$1,518,800 per fiscal year. This increased funding will enable the department to pay for its fuel and utility needs for the next two fiscal years as the price of natural gas is predicted to decline during that period.

As stated above, the department requested \$310,800 at the April 24, 2001 s. 13.10 meeting. The Joint Committee on Finance approved a total of \$205,300, \$105,500 less than the department's request. The department has stated that if the \$100,000 GPR requested is not enough to pay for all of the department's fuel utility bills for fiscal year 2000-01, it will pay the remainder from its fiscal year 2001-02 fuel budget.

Other GPR state operations appropriations within the department's fiscal year 2001 budget are not expected to have balances to commit to this need. The department has already absorbed state operations GPR lapse requirements in the current fiscal year that total \$149,700.





STATE OF WISCONSIN  
DEPARTMENT OF MILITARY AFFAIRS

OFFICE OF THE ADJUTANT GENERAL  
STATE BUDGET & FISCAL OFFICER  
2400 WRIGHT STREET  
POST OFFICE BOX 14587  
MADISON, WI 53714-0587

June 18, 2001

To: Representative John Gard  
Senator Brian B. Burke  
Co-Chairs  
Joint Committee on Finance

From: Major General James G. Blaney  
The Adjutant General  
Department of Military Affairs

RE: Request Pursuant to §13.10, Wisconsin Statutes  
Supplemental Funding for Fuel and Utilities

**Request:**

The Department of Military Affairs requests a supplement from the committee's appropriation of \$100,000 to offset a projected shortfall in its appropriation for Energy Costs, §20.465(1)(m).

**Background:**

The Department of Military Affairs operates 363 buildings encompassing 3,302,352 square feet to support National Guard operations throughout the State of Wisconsin. 289 of these buildings are state owned, the remaining 74 are owned by the federal government and licensed to the state to operate. Under the Defense Facilities Act of 1950, the primary responsibility of operating and maintaining National Guard facilities is assigned to the states. Federal funds are available to support operational costs (such as utilities) only at specific facilities that are of a more specialized functional design than unit armories. However, the operational costs of the basic National Guard facility, the unit armory, remain a 100% state responsibility. The Department of Military Affairs currently operates 67 unit armories throughout the state. For a limited number of facilities, federal funds can be used to provide utilities. However, for most non-armory facilities, federal funds are limited to 75% of costs, and the state must provide 25% matching funds. The Department of Military Affairs funds these costs from its appropriation for Energy Costs, §20.465(1)(f).

The Department of Military Affairs submitted a request pursuant to §13.10, Wisconsin Statutes, in March, 2001. The original request indicated that the Department would be faced with a \$310,800 deficit in its Energy appropriation. Joint Finance approved a supplement of \$205,300 at that time utilizing a combination of funds identified within the Departments appropriations and funds set aside from Corrections for anticipated payments to an injured volunteer in Manitowoc County.

While utility costs naturally fluctuate with the weather and the amount of space occupied, DMA's continuous energy improvement efforts have led to fairly stable costs over the past 10 years, despite the occupancy of a number of major new facilities, including the department's new headquarters in Madison which was occupied in 1993-94. The expenditure history of the appropriation over that time span is as follows:

**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS  
 FUEL & UTILITY EXPENDITURE HISTORY  
 1990-2000**

FISCAL YEAR	BUDGETED	EXPENDED	BALANCE
1999-2000	1,518,800	1,328,673	190,127
1998-1999	1,518,800	1,290,740	228,060
1997-1998	1,475,400	1,272,405	202,995
1996-1997	1,490,400	1,407,700	82,700
1995-1996	1,456,600	1,394,560	62,040
1994-1995	1,416,200	1,250,877	165,323
1993-1994	1,284,500	1,284,500	-0-
1992-1993	1,071,200	1,070,192	1,008
1991-1992	1,090,900	1,025,977	64,923
1990-1991	1,153,100	989,931	163,169
<b>10 YEAR AVG</b>	<b>1,347,590</b>	<b>1,231,550</b>	<b>116,035</b>

Over the past decade, the department has exhausted its fuel and utility appropriation only once. Expenditures have averaged roughly \$1.25 million annually over the period.

However, it is apparent that the situation unfolding in FY 2000-01 differs significantly from this pattern. The department compared its utility expenditures as of June 1, 2001 to those of June 1, 2000. The differences were startling.

**DEPARTMENT OF MILITARY AFFAIRS  
 UTILITY EXPENDITURE COMPARISON  
 JUNE 1, 2000 vs. JUNE 1, 2001**

DESCRIPTION	EXPENDED 6/1/2000	EXPENDED 6/1/2001	% Δ
Electricity	603,158	629,060	+ 4.30%
Natural Gas	523,295	946,197	+ 80.82%
Purchased Steam	7,315	7,685	+ 5.06%
Water & Sewer	69,186	71,462	+ 2.41%
All Other Costs	2,717	3,004	+10.57%
<b>OVERALL</b>	<b>1,205,670</b>	<b>1,657,408</b>	<b>+ 37.47%</b>

<b>Total Fuel &amp; Utility Cost: FY 1999-2000</b>	<b>1,328,673</b>
<b>Times: Cost Escalation over FY 2000 levels</b>	<b>X 1.375</b>
<b>Estimated FY 2001 Expenditures</b>	<b>1,826,900</b>
<b>Less: Appropriation Base Level</b>	<b>1,724,100</b>
<b>Estimated Shortfall</b>	<b>102,800</b>

**Discussion:**

The department reviewed data from the National Weather Service and conducted a detailed analysis of January, 2000 and 2001 billings from a sample of 12 locations. The statistical results of these reviews are summarized in Exhibit 1. Our conclusions from those efforts are as follows:

- Based on heating degree day (HDD) information reported by the five National Weather Service locations that serve Wisconsin (Milwaukee, Madison, Green Bay, LaCrosse, and Duluth, MN), we found that the data indicates that higher costs are somewhat climate related, but not dramatically so. The average HDD values from the five locations indicate that the winter of 2000-01 has been approximately 12% colder than the winter of 1999-2000, but cannot be characterized as severe. In fact, the data indicates that the overall heating degree load this winter has been very close to the NWS 30 year "normal" value for a Wisconsin winter.
- Our sample of January billings was drawn from various geographic locations across the state and a variety of utility providers. Based on these sample locations, we concluded that excessive usage has not been a factor in the increase. In fact, unit usage (therms used) was actually 6% less in January, 2001 than it had been in January, 2000.
- The analysis strongly indicates that the overall cost increases we have observed are predominately price related. Based on our 12 location sample, we found that the average cost per therm of natural gas use has increased by 127% over January, 2000 levels. Price increases across the sampled locations ranged from a low of an 89% increase to nearly 160%. Clearly, the overall cost increases we have absorbed have been due to market factors that are outside of the agency's control.

**Alternative Funding Sources:**

At this point in the fiscal year, the department's options in funding these increased costs are extremely limited. The department has already absorbed two significant reductions in GPR state operations appropriations this fiscal year. In October, the Department of Administration increased our turnover requirement from 3% to 7%. As directed, the agency placed \$113,000 in unallotted reserve to lapse at year-end. As a result of this reduction, the agency has operated under a virtual hiring freeze since that time. In January, we were notified of another GPR reduction of .5% of state operations. The agency complied by moving an additional \$36,702 to unallotted reserve in various appropriations. At this point, we have virtually no discretionary funding available to fund anything but normal fixed operating costs.

**Relation of this Request to §13.101(3) and (4), Wisconsin Statutes**

The agency understands that a request under this provision must meet the following statutory criteria:

- The committee must find that an (unforeseen) emergency exists.
- Funding was not provided for that purpose.
- The purpose for which the funding is requested is authorized by law.

The department believes that having to close facilities or have employees work in unheated facilities constitutes a potential emergency. We note that the budget instructions for 1999-01 indicated that the Department of Administration would develop reestimates for fuel and utilities, yet no adjustments were made to 1999-01 base levels. Nevertheless, we believe the extraordinary price increases for natural gas we are experiencing this year would have been impossible for anyone to predict. Clearly, the statutory definition of the appropriation under §20.465(1)(f) authorizes expenditures for utility costs.

**Agency Representatives at the Meeting**

Although the date for the meeting has not yet been established, the department intends to be represented by the following individuals:

**Major General James G. Blaney, The Adjutant General**  
**Larry Olson, Executive Assistant**  
**Lucinda Fritchen, Deputy Budget & Fiscal Officer**

**Request Prepared by:**  
**Lucinda Fritchen**  
**Deputy Budget & Finance Officer**  
**Department of Military Affairs**  
**242-3156**

**WISCONSIN DEPARTMENT OF MILITARY AFFAIRS  
ANALYSIS OF SAMPLE UTILITY BILLINGS FOR JANUARY, 2000 VS. JANUARY, 2001**

FACILITY	PROVIDER/UTILITY	JANUARY, 2000 BILLING					JANUARY, 2001 BILLING					PERCENT CHANGE		
		DEGREE DAYS	TOTAL BILLED	THERMS USED	COST/THERM	DEGREE DAYS	TOTAL BILLED	THERMS USED	COST/THERM	TOTAL BILLED	THERMS USED	COST/THERM	TOTAL COST	UNIT USAGE
Madison Headquarters	Madison Gas & Electric	1,393	\$6,801.88	15,173	0.448288	1,414	\$14,771.78	15,463	0.965298	117.17%	1.91%	113.10%		
Milwaukee Armory	Wisconsin Gas	1,201	\$3,355.54	6,522	0.514496	1,173	\$5,853.90	5,765	1.015421	-11.61%	97.36%			
Camp Williams CSMS	WPS Energy Services	NA	\$10,695.63	32,010	0.334134	NA	\$23,539.36	27,440	0.857848	-14.28%	156.74%			
Wausau Armory	Wisconsin Fuel & Light	1,444	\$1,311.16	2,663	0.492362	1,403	\$2,570.08	2,739	0.938328	2.85%	90.58%			
Kenosha Armory	Wisconsin Electric	1,210	\$783.88	1,698	0.461649	1,149	\$1,762.71	1,720	1.024831	1.30%	121.99%			
Superior Armory	Superior Water, Power & Light	1,603	\$1,917.00	3,595	0.533241	1,544	\$3,609.99	3,359	1.074722	-6.56%	101.55%			
Platteville Armory	Alliant Energy	1,346	\$1,211.91	2,518	0.481299	1,435	\$2,741.20	2,195	1.248838	-12.83%	159.47%			
Menomonie Armory	Northern States Power/ Xcel Energy	1,397	\$1,353.16	2,265	0.597422	1,319	\$2,063.24	1,760	1.166614	-22.30%	95.27%			
New Richmond Armory	Northern States Power/ Xcel Energy	1,410	\$1,174.36	2,065	0.568697	1,263	\$2,298.63	2,004	1.147021	-2.95%	101.69%			
Green Bay Armory	Wisconsin Public Service Corp	1,367	\$1,212.56	2,684	0.451773	1,264	\$2,591.81	2,260	1.146819	-15.80%	153.85%			
Rhinelanders Armory	Wisconsin Public Service Corp	1,616	\$582.26	1,264	0.460649	1,697	\$1,845.12	1,913	0.964516	51.34%	109.38%			
Waupun Armory	Alliant Energy	1,264	\$1,165.00	2,457	0.474155	1,415	\$3,007.07	2,552	1.178319	3.87%	148.51%			
Montie Armory	Wisconsin Gas	1,402	\$701.99	1,351	0.519608	1,340	\$1,817.56	1,852	0.981404	158.92%	88.87%			
Marquette Armory	Wisconsin Public Service Corp	1,490	\$1,373.32	3,011	0.456101	1,519	\$3,341.12	3,505	0.953244	16.41%	109.00%			
Whitewater Armory	Wisconsin Electric	1,372	\$899.78	1,949	0.461662	1,302	\$1,604.32	1,627	0.98606	-16.52%	113.59%			
		<b>1,394</b>	<b>\$34,539.43</b>	<b>81,225</b>	<b>0.425232</b>	<b>1,374</b>	<b>\$73,407.89</b>	<b>76,154</b>	<b>0.96394</b>	<b>-6.24%</b>	<b>126.69%</b>			

**ANALYSIS OF HEATING DEGREE DAYS - WINTER OF 2000-01 TO MARCH 1  
BASED ON DATA FROM NATIONAL WEATHER SERVICE REPORTING STATIONS**

NATIONAL WEATHER SERVICE REPORTING STATION	HEATING DEGREE DAYS TO MARCH 1			% OF NORMAL HEATING LOAD		
	2000	2001	NORMAL	2000	2001	2001
Madison	4,958	5,752	5,709	86.85%		100.75%
Milwaukee	4,948	5,900	5,714	86.59%		103.26%
Green Bay	5,553	6,020	5,963	93.12%		100.96%
LaCrosse	4,406	5,227	5,303	83.09%		98.57%
Duluth, MN	6,341	7,048	7,152	88.66%		98.55%
5 STATION AVERAGE	5,241	5,989	5,968			
PERCENT OF NWS NORMAL	87.82%	100.36%	100.00%	87.82%		100.36%



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 5, 2001

**TO:** Members  
Joint Committee on Finance

**FROM:** Bob Lang, Director

**SUBJECT:** Veterans Affairs: Section 13.10 Request for Supplemental Funding for Military Funeral Honors Program Reimbursement Grants -- Agenda Item IV

The Department of Veterans Affairs (DVA) is requesting a supplementation of \$90,000 SEG in 2000-01 to its s. 20.485(2)(q) appropriation to reimburse local veterans service organizations that have provided honor guard details at military funerals. The Department requests that the necessary funds be transferred from the unexpended balances in its veterans tuition and fee reimbursement program appropriation [s. 20.485(2)(tf)].

### BACKGROUND

Since the passage of 1999 Wisconsin Act 136, the Department has been required to coordinate the provision of military honors details by DVA staff, local veterans service groups and members of the Wisconsin National Guard at funerals of deceased veterans. Provisions of Act 136: (1) authorized and funded 18.0 FTE positions in DVA to provide three honors details to assist at military funerals in the state; (2) created a new \$50 reimbursement grant program payable to any local veterans service organization that provides an honor guard detail at the funeral of a deceased veteran; and (3) specifically authorized the Adjutant General of the Wisconsin National Guard to activate guard members to provide military honors details for local veterans groups. For the first full year of operation of the new program, Act 136 appropriated \$55,000 SEG in 2000-01 from the veterans trust fund for reimbursement grants to those local veterans service organizations that provided funeral honors details.

## ANALYSIS

When the proposal that became Act 136 was being considered by the Legislature, there was little reliable information on the number of honor guard details that might actually be provided by local veterans service organizations for which a reimbursement grant might be requested. Once Act 136 became effective in mid-1999, the number of military funeral performed by local veterans service organizations averaged more than 200 per month. Consequently, the \$55,000 SEG initially appropriated in 2000-01 for the reimbursement grants was completely expended by December, 2000, after more than 1,100 reimbursement requests were received and processed.

DVA submitted its initial request for additional reimbursement grant funding on March 30, 2001; however, the request was received too late for consideration at the Committee's April 24, 2001, quarterly meeting under s. 13.10. At the time the Department submitted its original funding request, it was anticipated that a further \$90,000 SEG would be required for the remainder of the 2000-01 fiscal year, based on a projected 1,800 additional grant reimbursement requests.

It is now possible to identify the actual amount of the Department's reimbursement grant funding need for the 2000-01 fiscal year. For the 2000-01 fiscal year, DVA was involved in the coordination of honor guard details at 3,254 military funerals during the previous fiscal year. Of these 3,254 funerals, local veterans service organizations requested and qualified for reimbursement grants for 2,348 funerals. In addition, the Department has received 164 requests from local veterans service organizations for reimbursement for honor guards at military funerals in 2000-01 for which additional substantiating information has been requested. Assuming that these additional pending reimbursement requests will also qualify for reimbursement grants, a maximum funding need of \$125,600 SEG for 2000-01 is indicated, or \$70,600 SEG more than the reimbursement grant funding available to the Department. For the remaining 742 funerals, honor guards were provided by the Wisconsin National Guard, by DVA military funeral honors staff or by federal honor guard details (or combinations of these groups), none of which qualify for the reimbursement grants. The following table summarizes these military funeral honors activities for 2000-01.

### **Military Funeral Honors Services (FY 2000-01 Activity)**

Veterans Service Organizations Honors Detail*	2,348
Pending Veterans Service Organization Requests (additional information requested)*	164
National Guard Honors Details	137
DVA Honors Detail	204
Other (Federal) Honors Details	<u>401</u>
<b>TOTAL</b>	<b>3,254</b>

\*Eligible for \$50 reimbursement during 2000-01.

Based on these actual reimbursement grant funding needs, the Committee may wish to provide a military funeral honors grant supplement of \$70,600 SEG in 2000-01, rather than the

\$90,000 SEG originally requested by the Department. The Department has proposed that the necessary funding be provided through a transfer from the unexpended balances in its veterans tuition and fee reimbursement appropriation [s. 20.485(2)(tf)]. A sufficient balance remains in this appropriation to fund either the Department's original request of \$90,000 SEG, or the lesser funding level of \$70,600 SEG.

**ALTERNATIVES**

1. Approve the Department of Veterans Affairs' request to transfer \$90,000 SEG in 2000-01 from the agency's tuition and fee reimbursement program appropriation [s. 20.485(2)(tf)] to its military honors funerals appropriation [s. 20.485(2)(q)] to support additional reimbursement grants to local veterans service organizations for military honors funerals in that fiscal year.

2. Approve a transfer at a revised level of \$70,600 SEG in 2000-01 from the Department of Veterans Affairs' tuition and fee reimbursement program appropriation [s. 20.485(2)(tf)] to its military honors funerals appropriation [s. 20.485(2)(q)] to fund the actual and pending reimbursement grant requests by local veterans service organizations for military honors funerals in that fiscal year.

3. Deny the request.

Prepared by: Darin Renner

MO# AH 2

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBELSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	X	N	A
WARD	X	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A
LASSA	Y	N	A

AYE 16 NO 0 ABS



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 5, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Military Affairs: Section 13.10 Request for Supplemental Funding for Fuel and Utilities Costs -- Agenda Item III

The Department of Military Affairs (DMA) is requesting a supplement of \$100,000 GPR in 2000-01 to its s. 20.465(1)(f) energy costs appropriation to fund additional fuel and utilities expenses in excess of base level resources at National Guard armories and other DMA facilities in the state. While the Department does not propose a funding source for the requested supplementation, presumably it would be provided from the Committee's s. 20.865(4)(a) appropriation.

### BACKGROUND

The Department of Military Affairs operates 363 buildings across the state in support of Army and Air National Guard activities. Under provisions of the federal Defense Facilities Act of 1950, the primary responsibility of the states in supporting the National Guard is that of providing and operating facilities for the training and administration of individual National Guard units. Federal funds are normally provided for 75% of the original construction costs of National Guard facilities, while operating costs (such as repair and maintenance and fuel and utility expenses) are deemed to be a state responsibility. The federal Act does recognize that certain facilities are of a more specialized functional design and those facilities that are providing logistical support to the National Guard receive federal funds for some or all of their operational costs. However, the operational costs relating to the basic National Guard unit armory remain a 100% state responsibility. In addition, for those non-armory facilities where federal support funds are limited to 75% of operating costs, the state must provide the balance. Those state-funded operating costs relating to facility fuel and utilities costs are charged to the agency's separate s. 20.465(1)(f) energy costs appropriation.

A total of \$1,518,800 GPR was appropriated to DMA's energy costs appropriation for 2000-01. At the Committee's April 24, 2001, meeting under s. 13.10, the Department requested a supplementation of \$310,800 GPR in 2000-01 to this appropriation to fund a projected fuel and utility shortfall. The Committee approved a supplement of \$205,300 GPR to provide the agency with a total of \$1,724,100 GPR in 2000-01 for fuel and utility expenses. The Department's June 18, 2001, supplementation request indicated that this revised funding level would still be insufficient to meet the agency's fuel and utility expenditure needs for 2000-01 and that an energy costs funding shortfall in excess of \$100,000 GPR continued to exist.

## ANALYSIS

*DMA's Original Projection of Its Fuel and Utilities Funding Shortfall.* The Department's June 18, 2001, supplementation request projected its likely 2000-01 fuel and utilities appropriation shortfall by comparing total expenditures for the first 11 months of the fiscal year for all major fuel and utility commodities (electricity, natural gas, purchased steam, water and sewer service and miscellaneous other fuel and utility expenses) to total expenditures for all such commodities at a comparable point during the preceding 1999-00 fiscal year. This comparison indicated that total fuel and utilities expenditures for the first 11 months of 2000-01 were running 37.5% above the same point in 1999-00. The Department then projected its total fuel and utility funding requirements for the 2000-01 fiscal year by applying this 37.5% increase factor to total fuel and utility expenditures for 1999-00, the last full fiscal year for which complete cost data was available. Based on final 1999-00 fuel and utility expenditures of \$1,328,700 GPR, the agency projected its total 2000-01 funding need for energy costs at \$1,826,900 GPR, or \$102,800 GPR more than the \$1,724,100 GPR currently available for energy costs.

*DMA's Actual Fuel and Utilities Funding Shortfall.* The Department has now received all fuel and utility billings for the 2000-01 fiscal year. Total actual fuel and utility costs for 2000-01 amounted to \$1,793,200 GPR, or \$69,100 GPR more than currently available to the agency. Consequently, if the Committee chooses to provide a supplementation for DMA's fuel and utilities funding shortfall, it should provide \$69,100 GPR, rather than the \$100,000 GPR originally requested by the Department.

*Funding Sources for the Supplementation.* Following the Committee's actions at its April 24, 2001, meeting under s. 13.10, the unreserved balance in the Committee's s. 20.865(4)(a) appropriation stood at \$40,700 GPR, which is not sufficient to fully fund DMA's fuel and utilities shortfall.

While reserved balances are also available in the Committee's s. 20.865(4)(a) appropriation, DMA currently has funding appropriated in unallotted reserve which could also be utilized to provide the supplement. On January 18, 2001, the DOA Secretary directed that state agencies reduce expenditures from their GPR-funded general program operations appropriations (other than

for debt service and fuel and utilities) by 0.5%. Agencies were directed to move the necessary funding amounts to the unallotted reserve for lapse to the general fund.

The Department subsequently identified \$121,900 GPR under its s. 20.465(1)(a) general program operations appropriation and these amounts were placed in unallotted reserve. Regardless of the source of funding for the requested supplementation, the transfer will have the effect of reducing amounts that otherwise would lapse to the general fund from 2000-01 ending balances. While the requested supplement could be made from reserved GPR balances under the Committee's appropriation, it could also be argued that it would be more appropriate to make the transfer from funds already budgeted to DMA rather than from funds reserved for unrelated programs in other state agencies. Accordingly, the Committee could choose to provide the requested supplementation by transferring \$69,100 GPR budgeted in unallotted reserve under the Department's s. 20.465(1)(a) appropriation to the agency's s. 20.465(1)(f) energy cost appropriation.

**ALTERNATIVES**

1. Approve the transfer of \$69,100 GPR in 2000-01 budgeted in unallotted reserve under the Department of Military Affairs' s. 20.465(1)(a) appropriation to the Department's s. 20.465(1)(f) energy costs appropriation to fund the amount of the agency's actual fuel and utility funding shortfall for 2000-01.

2. Deny the request.

Prepared by: Darin Renner

MO# Alt 1

1	BURKE	Y	N	A
	DECKER	Y	N	A
	MOORE	Y	N	A
	<del>SHIBITSKI</del>	Y	N	A
	PLACHE	Y	N	A
	WIRCH	Y	N	A
	DARLING	Y	N	A
	ROSENZWEIG	Y	N	A
2	GARD	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUEBSCH	Y	N	A
	HUBER	Y	N	A
	<del>COGGS</del>	Y	N	A
	LASSA	Y	N	A

AYE 10 NO 0 ABS

**13.10 Meeting**  
**September 5, 2001**  
**Agenda Item ~~III~~ IV**

**Issue: Veterans Affairs – Supplemental Funding for Military Funeral Honors Program Reimbursement Grants**

**Staff Recommendation: Alternative 2**

**Comments:**

DVA needs more money for the military funeral honors program. LFB thinks the request is reasonable with a minor adjustment (alt. 2). Attached are some questions Terry from Sen. Moen passed along for you to go after the Department a bit, if you so desire. I suspect they came from Marv. I don't really think you need to make a show of this one, but if you feel like it...

**Prepared by: Julie**

**13.10 Meeting  
September 5, 2001  
Agenda Item III**

**Issue: Military Affairs – Supplemental Funding for Fuel and Utilities Costs**

**Staff Recommendation: Alternative 1**

**Comments:**

LFB seems to think the request is reasonable. Alternative 1 funds the request at a reduced amount due to a small amount of cash the Department placed in unallotted reserve at the end of the last fiscal cycle. Might as well use that up first and make up the rest with JFC money.

**Prepared by: Julie**



State of Wisconsin / DEPARTMENT OF MILITARY AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

P.O. BOX 8111  
MADISON 53708-8111

TELEPHONE 608 242-3000  
DSN 724-3000

October 16, 2001

Senator Brian Burke  
Senate Chair  
Joint Committee on Finance  
Room 317 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

Representative John Gard  
Assembly Chair  
Joint Committee on Finance  
Room 308 East, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952

**Re: Withdrawal of §13.10 Request**

*Chairman Gard*

Dear Chairman Burke and ~~Chairman Gard~~:

The Department of Military Affairs formally withdraws its §13.10 request, dated October 4, 2001, for contingency funding for injuries incurred by emergency management volunteers in Manitowoc and Burnett counties.

This withdrawal is made with the understanding and assurance that the Department may submit future §13.10 request(s) to cover costs for injured volunteer claims that exceed contingency funding appropriated under §20.465(3)(a), Wis. Stats.

Thank you for your courtesy in this matter.

James G. Blaney  
Major General  
Wisconsin National Guard  
The Adjutant General

Cc: Legislative Fiscal Bureau  
Dan Caucutt, DOA

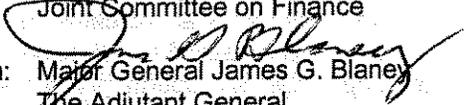


STATE OF WISCONSIN  
DEPARTMENT OF MILITARY AFFAIRS

OFFICE OF THE ADJUTANT GENERAL  
STATE BUDGET & FISCAL OFFICER  
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MADISON, WI 53714-0587

October 4, 2001

To: Representative John Gard  
Senator Brian B. Burke  
Co-Chairs  
Joint Committee on Finance

From:   
Major General James G. Blaney  
The Adjutant General  
Department of Military Affairs

RE: **Request Pursuant to §13.10, Wisconsin Statutes  
Contingency Funding for Injuries Incurred by Emergency Management Volunteers**

**Request:**

The Department of Military Affairs requests a supplement from the Committee's appropriation or a combination of appropriations transfers and supplementations to offset unpredictable and uncontrollable potential costs associated with the serious injuries of emergency management volunteers sustained during storm/tornado cleanup operations in Manitowoc County on May 13, 2000 and in Burnett County during the period of June 18 through June 30, 2001.

**Background:**

**Injured volunteer – Manitowoc County (ongoing and unfunded liability costs):**

On May 12, 2000, severe thunderstorms and high winds struck Manitowoc County and caused significant property damage in several locations, particularly the village of St. Nazianz. Beginning on Saturday, May 13, the Manitowoc County Sheriff's Department, in conjunction with Manitowoc County Emergency Management, recruited volunteers to assist in clean up and debris removal. Volunteers were duly registered by the Manitowoc County Sheriff's Department. On that date, one of the registered volunteers was seriously injured by a falling tree in the performance of clean-up duties. The individual suffered a compression fracture to his spine. The individual was hospitalized for an extended period of time and had several surgeries. The volunteer has made a remarkable recovery and is walking again. In fact, beginning in May 2001, the volunteer returned to work on a full-time basis. To date, the Department/Division has reimbursed Manitowoc County for excess worker's compensation costs in the amount of \$92,840. Currently, there is \$17,135 left in the unallotted reserve created to cover this claim. At this point in the injured volunteer's recovery and assuming a 25% permanency disability rating for the injury and projected medical bills, the Bureau of State Risk Management staff indicates that in cases of this type, normal insurance industry practice would be to maintain a reserve of at least \$60,000 to cover these remaining costs. Accordingly, the Department/Division has an unfunded liability exposure of roughly \$42,865.

**Injured volunteers – Burnett County:**

On June 18, 2001, a devastating tornado cut a twenty-five mile long swath across Burnett County and caused three deaths and significant property damage throughout the county. Beginning on Tuesday, June 19, the Wisconsin Department of Natural Resources (WDNR), on behalf of and in conjunction with Burnett County

Emergency Management, recruited volunteers to assist in clean up and debris removal. Volunteers were duly registered by the WDNR at the request of and on behalf of Burnett County. During the massive clean up and debris removal activities from June 19, 2001 through June 30, 2001, twelve (12) registered volunteers sustained injuries in the performance of clean up duties and required medical care. To the best of our information, eleven of the injured volunteers suffered minimal injuries with no long-term consequences and the total cost for their medical care is estimated at \$10,000. However, one volunteer was seriously injured while clearing debris and sustained a post anterior cruciate ligament (ACL) tear in his right knee. Surgery is required to treat this medical condition and is currently scheduled for November 2001. Bureau of State Risk Management staff indicates that in cases of this type, normal insurance industry practice would be to establish a reserve of at least \$38,400 to cover the worker's compensation costs of the ACL injury. The estimated total liability cap for Burnett County is \$15,764 with the remainder to be borne by the Department/Division. Therefore, the Department/Division has an additional unfunded liability exposure of \$32,636.

**Relevant Statutory Background:**

§166.03(8)(f) of the Wisconsin Statutes requires the Division of Emergency Management to reimburse local units of government for certain excess costs associated with worker's compensation, tort liability and equipment loss that may be incurred during emergency response and clean-up activities. The statute provides worker's compensation and tort liability coverage to registered volunteers who engage in emergency management activities, as well as to employees of that local unit. It establishes a cap for these costs at \$1 per capita per year, and specifies that the Division of Emergency Management shall reimburse any costs above this amount from its General Program Operations appropriation under § 20.465(3)(a). Funds for this purpose have never been budgeted into the cited appropriation on an annual basis. The unpredictable and uncontrollable nature of these costs makes budgeting for them on a sum certain basis nearly impossible.

The following statutory provisions apply in these cases:

**§166.03(8), Wisconsin Statutes:**

*(d) ...."Volunteer emergency management workers are employees of the emergency management agency with whom duly registered for the purposes of worker's compensation. An emergency management employee or volunteer who engages in emergency management activities upon order of any echelon in the emergency management organization other than that which carries his or her worker's compensation coverage shall be eligible for the same benefits as though employed by the governmental unit employing him or her...."*

*(e) "Emergency management employees as defined in par. (d) shall be indemnified by their sponsor against any tort liability to third persons incurred in the performance of emergency management activities while acting in good faith and in a reasonable manner. Emergency management activities constitute a governmental function"*

*(f) If the total liability for worker's compensation benefits under par. (d), indemnification under par. (e), and loss from destruction of equipment under sub. (9), incurred in any calendar year exceeds \$1 per capita of the sponsor's population, the state shall reimburse the sponsor for the excess. Payment shall be made from the appropriation in s.20.465(3)(a) on certificate of the adjutant general".*

Staff of both the Department of Administration and the Department of Military Affairs have reviewed the facts of these cases in relation to these statutory provisions, and have concluded the following:

- The volunteer injured during clean-up activities in St. Nazianz was duly registered with the Manitowoc County Sheriff's Department at the time of the injury, so the individual would be considered to be an employee of Manitowoc County for worker's compensation purposes, as outlined in §166.03(8)(d). Under §166.03(8)(f), Manitowoc County's liability in this instance cannot exceed \$1 per capita. The Department of Administration's current official estimate of population in the county is 84,727. Thus, roughly the first \$85,000 of costs for this incident must be borne by the county.
- The volunteers injured during clean up and debris removal activities in Burnett County were duly registered with Burnett County Emergency Management at the time of the injuries, so the individuals would be considered to be employees of Burnett County for worker's compensation purposes, as outlined in §166.03(8)(d). Under §166.03(8)(f), Burnett County's liability in this instance cannot exceed \$1 per capita. The U.S. Census Bureau population 2000 for Burnett County is 15,764. Thus, roughly the first \$15,800 of costs for this incident must be borne by the county.
- §166.03(8)(f) provides that the county shall be reimbursed for any costs in excess of the per capita limitation from the appropriation under §20.465(3)(a), which is the GPR funded General Program Operations appropriation of the Division of Emergency Management. Funds for costs of this nature have never been budgeted into this appropriation on an annual basis.

**Budgetary Status of Appropriation §20.465(3)(a):**

The cited appropriation is budgeted at the following levels for FY 2001-2002:

**APPROPRIATION 20.465(3)(a) FUNDING FOR FY 2001- 2002**

EXPENDITURE LINE	TOTAL BUDGETED	MATCH FED FUNDS	UNMATCHED
<b>On-Going Base Level:</b>			
Permanent Salaries	\$424,900	\$318,675	\$106,225
LTE / Misc Salaries	0	0	0
Fringe Benefits	180,800	144,640	36,160
Supplies & Services	78,800	63,040	15,760
Permanent Property	4,300	0	4,300
<b>Base Level Funding</b>	<b>\$688,800</b>	<b>\$526,355</b>	<b>\$162,445</b>
<b>One-Time Funding</b>			
Unallotted Reserve (injured volunteer)	17,135		17,135
<b>TOTAL CHAPTER 20 LEVEL</b>	<b>\$705,935</b>	<b>\$526,355</b>	<b>\$179,580</b>

Assuming the Bureau of State Risk Management reserve recommendation of \$108,400 approximates the actual total cost of these occurrences and ongoing expenses, the Division of Emergency Management's share of the cost could be as high as \$75,501, or 11% of the appropriation's on-going base level. The matching funds shown match federal Emergency Management Assistance (EMA) funding at 50%/50%. Thus, funds not available to meet matching requirements would result in an equivalent loss of federal funding, so the fiscal impact on Division operations could be as high as \$151,002. In addition, this does not reflect recently mandated agency cuts, which have not, as yet, been allocated to specific appropriations.

The principal reason that funds have not been previously budgeted on an annual basis is that the state has almost never been required to make such a payment to reimburse a county or municipality for such costs. The first instance was when the volunteer was injured in St. Nazianz and exposed the Department/Division to a significant unfunded worker's compensation liability. The Department sought an emergency supplement at the Committee's July 12, 2000 meeting under §13.10. Through a variety of appropriation transfers and supplementations, the Committee provided the Division with \$215,399 GPR in 2000-01 to fund a potential worker's compensation liability reserve to cover the costs of the injured Manitowoc County volunteer. On April 24, 2001, the Committee at its regular quarterly §13.10 meeting approved the transfer of \$105,300 out of this liability reserve to cover the Department's unexpected, unfunded and drastically increased utility costs. As a result, there are not sufficient funds remaining in the reserve to cover the Division's liability for injuries sustained by the injured volunteer in Manitowoc County. At this time, there is \$17,135 remaining in the budget reserve to cover a potential \$60,000 exposure. To make matters worse, the Division is now exposed to additional worker's compensation liability for the injured volunteers in Burnett County.

The Department sought in its 2001-2003 Biennial Budget request, the creation of a sum sufficient appropriation to provide funding to offset any further potential liabilities for the Division in such circumstances. The Governor's proposed budget acknowledged this request and recommended a statutory change to reflect that the state would reimburse the county or municipality from an existing Program Supplements GPR-funded sum sufficient appropriation for the payment of judgments against the state and its officers, rather than for the Division's GPR-funded sum certain general programs operations appropriation. When the Committee addressed the Governor's proposed budget on May 2, 2001, the Committee voted to maintain current law with the preference that each future instance involving injured volunteers would be addressed on a case-by-case basis under the current law procedures. The Department/Division clearly understood that it would continue to have the option to request a combination of appropriations transfers and supplementations by the Committee to address this type of infrequent funding need.

In light of the current national tragedies, the Department needs either assurance or direction from the Joint Committee on Finance that additional costs of this nature will be funded, or it will have to consider draconian reductions within Emergency Management programs to ensure a deficit does not occur within the appropriation. A subsequent request pursuant to §13.10 is likely if costs continue to exceed the contingency funding.

**Relation of this Request to §13.101(3) and (4), Wisconsin Statutes:**

The agency understands that a request under this provision must meet the following statutory criteria:

- The committee must find that an emergency exists.
- Funding was not provided for the purpose.
- The purpose for which the funding is requested is authorized by law.

The agency firmly believes that the circumstances involved in these incidents clearly meet the statutory criteria.

**Persons who will represent the agency at the §13.10 meeting:** Edward J. Gleason, Administrator, Division of Emergency Management and Randi Wind Milsap, Legal Counsel, Department of Military Affairs.

**Prepared by:**

Randi Wind Milsap  
Legal Counsel  
Department of Military Affairs  
(608) 242-3072



STATE OF WISCONSIN  
DEPARTMENT OF MILITARY AFFAIRS

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OFFICE OF THE ADJUTANT GENERAL  
STATE BUDGET & FISCAL OFFICER  
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MADISON, WI 53714-0587

November 26, 2001

To: Representative John Gard  
Senator Brian B. Burke  
Co-Chairs  
Joint Committee on Finance

From: Major General James G. Blaney *James G. Blaney*  
The Adjutant General  
Department of Military Affairs

RE: **Request Pursuant to §13.10, Wisconsin Statutes**  
**Budget Reallocation Plan**

**Request:**

The Department of Military Affairs respectfully requests the review of the Department's Budget Reallocation plan submitted for the first quarter meeting of fiscal year 2002. The committee took no action on our proposal at the first quarter meeting. The Department requests our budget reallocation proposal be placed on the agenda for the December meeting.

Thank you.