



Legislative Fiscal Bureau

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

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Joint Committee on Finance

Paper #718

State-Owned Space Rent Supplements (Program Supplements)

[LFB 2001-03 Budget Summary: Page 526, #6]

CURRENT LAW

Base level funding for the state-owned space rent supplements appropriation under the Program Supplements section of the appropriations schedule is \$2,379,800 GPR.

GOVERNOR

Reduce base level funding by \$407,600 GPR in 2001-02 and increase base level funding by \$447,000 GPR in 2002-03 for supplements to state agencies' GPR operations appropriation for increased rent costs in state-owned buildings.

DISCUSSION POINTS

1. For the purpose of preparing their biennial budget requests, state agencies start with an adjusted base budget. In general, this represents the appropriated level for the agencies for the second year of the then current biennium, adjusted for certain continuing items that are not included in those appropriation amounts, such as pay plan increases which are added to agency appropriations through pay plans supplements. Another type of supplement that agencies receive that is above their appropriated levels is funding for the increased cost of rented space (either in state-owned office buildings where rent is charged or in leased office space). Two supplemental GPR appropriations exist to fund these supplements to state agencies, one for agencies that have space in state-owned office buildings and one for agencies that have leased space in privately-owned buildings. (Some agencies may have space in both types of locations). There are also PR and SEG appropriations to allow comparable supplementation of state agencies' PR and SEG appropriations. This issue paper deals with the GPR appropriation for rent supplements for agencies

with space in state-owned office buildings.

2. Agencies' adjusted base budgets include any rent increases supplements that were received in 1999-00, but do not include any supplements that were received in 2000-01. Therefore, since supplements that agencies received in this fiscal year are not included in their base budgets, funds have to be reserved for these costs in this supplemental appropriation. Then, in addition, any planned increases in state office building rents for the 2001-03 biennium must also be budgeted in this appropriation since there is also no funding in agencies' budgets for these costs.

3. Under the Governor's recommendation, these rent cost increases [the known but unbudgeted increase for 2000-01 (the current fiscal year) and proposed increases for 2001-03] were funded based on a single overall rent increase assumption for all classes of state office building space (there are five classes) and a general estimate of increased total state office building space that will exist in the 2001-03 biennium assuming the Justice Center would become state-owned in 2002-03. Because the 2000-01 increase was greater than the assumed increase for 2001-02 (\$1.50 per square foot increase in 2000-01 compared to a proposed \$1.00 per square foot in 2001-02), a reduction in base level funding could be budgeted in the first year. An additional \$1.00 per square foot increase was assumed for 2002-03.

4. This office reviewed the current, detailed square footage allotments for each of the five classes of state office building space (Class A and B general office space, Class C storage space, Class D records center space and Class L laboratory space) and the current actual square footage rental rate and proposed increases in per square foot rental rents for each space class. The following adjustments were then made: (a) Modify the square footage allotments for deletion of the Loraine Building and the addition of the new Justice Center to the Class A square footage total; and (b) apply individual annual rent cost increases for each class of space. This resulted in a revised estimate of the total GPR supplement amount needed to fund agencies' GPR budgets for rent increases in state-owned office space. These calculations indicated a need for an increase in the amounts reserved under the Governor's recommendations of \$111,500 GPR in 2001-02 and \$68,600 GPR in 2002-03. The Committee could increase the funding for the state-owned office rent supplements appropriation by these amounts.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation.

2. Increase funding in the state-owned office rent supplements appropriation by \$111,500 GPR in 2001-02 and by \$68,600 GPR in 2002-03.

Alternative 2	GPR
2001-03 REVENUE (Change to Bill)	\$180,100

Prepared by: Terry Rhodes