



## Legislative Fiscal Bureau

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May 31, 2001

Joint Committee on Finance

Paper #719

### **Private Lease Space Supplements -- DOA Directed Moves (Program Supplements)**

[LFB 2001-03 Budget Summary: Page 525, #4 (part)]

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#### **CURRENT LAW**

There is a single GPR appropriation under Program Supplements for state agencies' costs of rent in private leased space and for DOA-directed moves. A total of \$3,395,000 GPR was appropriated in 2000-01 for these purposes. There are two other existing appropriations to allow comparable supplements from program revenue and segregated revenue funding sources.

#### **GOVERNOR**

Provide overall increased funding under this GPR appropriation of \$5,774,700 in 2001-02 and \$6,298,800 in 2002-03. Total GPR funding in this appropriation under the Governor's recommendation (which includes base level funding of \$3,935,000) would be \$9,709,700 in 2001-02 and \$10,233,800 in 2002-03.

#### **DISCUSSION POINTS**

1. The program supplements appropriation section of the statutes allows the establishment of reserve funds, particularly GPR funding, for the supplement of individual state agency appropriation levels. Generally, these reserve appropriations are established for certain costs that are anticipated to have to be borne by state agencies in the next biennium, but for which the precise amount of increased funding is not yet determinable at the time the budget is under consideration.

2. This GPR appropriation will provide reserve funding for the amounts that are

estimated to be needed in the next biennium to supplement state agencies' GPR appropriations for two types of cost increases. These are for: (a) increased costs of any privately-leased space that these agencies occupy; and (b) required agency moves when directed by the Department of Administration (DOA). Costs under this second category could include increased space costs as a result of the required move, the actual cost of making the physical relocation and other costs associated with the move such as telephone and IT relocations and reconnections, building improvements in the new location and temporary overlapping rent payments. The comparable PR and SEG appropriations are established for the same purpose.

3. The total requested funding for this appropriation in 2001-03 consists for funding for two distinct purposes as shown in Table 1.

**TABLE 1**

**Lease Space Supplements By Purpose**

<u>Purpose</u>	<u>GPR Funding Amount</u>	
	<u>2001-02</u>	<u>2002-03</u>
Private Lease Space Supplements	\$1,288,700	\$1,967,000
Costs for DOA Directed Moves	<u>8,421,000</u>	<u>8,266,800</u>
TOTAL	\$9,709,700	\$10,233,800

4. A previous paper (Issue Paper #716), which was acted on at the Committee's May 16, 2001, executive session, addressed several of the component requests that were included in the total funding indicated under "Costs for DOA Directed Moves". This paper addresses one additional component of that total funding involving costs related to the move of the Department of Revenue to its new facility on Rimrock Road. The components of the DOA directed moves funding for this agency is shown in Table 2.

**TABLE 2**

**Detail of Funding for Directed Moves Cost for Department of Revenue**

<u>Agency</u>	<u>Cost Components</u>	<u>GPR Funding</u>	
		<u>2001-02</u>	<u>2002-03</u>
Revenue	Increased lease costs	\$965,400	\$965,400
	Supplements for 2001-03 rent increases	465,900	652,200
	IT master lease payments	380,000	375,300
	Miscellaneous costs	<u>45,900</u>	<u>46,000</u>
	Total	\$1,857,200	\$2,038,900

5. The results of a review and analysis by this office of the cost items included in Table 2 are described in the next paragraph.

6. *Revenue. Supplements for 2001-03 rent increase.* The funding provided for increased lease costs is calculated to bring the space budget for the Department of Revenue (DOR) up to its current space level costs at the state-office building rent in effect for 1999-00. The agency will also need funding in the next biennium to cover state-office building rent increases of \$1.50 per square foot in 2000-01, another \$1.00 per square foot in 2001-02 and a further \$1.00 per square foot increase in 2002-03. However, these latter funding needs are the same as those that will be faced by all other state agencies which occupy space in state-owned office-buildings. A separate appropriation for state-owned space supplements exists to provide funding for agencies with rent costs funded from GPR. A separate paper (Issue Paper #718), which was also acted on by the Committee at its May 16, 2001, executive session, reviewed this appropriation and noted as a part of that review that the total square footage listing for rent increase calculation purposes was examined. That space total included the square footage for the new Revenue Building and the DOR funding need component identified as "supplements for 2001-03 rent increase" in Table 2 has already been budgeted for in that overall funding calculation. Therefore, there is no need for the separate allocation under the directed moves costs for DOR for that same purpose. The Committee could delete the \$465,900 GPR in 2001-02 and \$652,200 GPR in 2002-03 included in the bill for this component of DOR's allocated funding under this appropriation.

## ALTERNATIVES TO BILL

1. Approve the Governor's recommendation for the cost items for the Department of Revenue.
2. Reduce the Governor's recommended funding level for this appropriation by an additional \$465,900 GPR in 2001-02 and an additional \$652,200 GPR in 2002-03.

<u>Alternative 2</u>	<u>GPR</u>
<b>2001-03 FUNDING</b> (Change to Bill)	- \$1,118,100

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