



## Legislative Fiscal Bureau

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

---

May 21, 2003

Joint Committee on Finance

Paper #592

### **Appropriations for Groundwater Survey and Analysis and Maintenance of Capitol and Executive Residence (Program Supplements)**

---

#### **CURRENT LAW**

Under the program supplements area of the budget, there are on-going GPR appropriations for the purposes of: (a) groundwater survey and analysis; and (b) maintenance of the capitol and executive residence.

#### **GOVERNOR**

Provide continued funding in 2003-05 of the adjusted base level funding for these two appropriations of: (a) \$216,100 GPR annually for groundwater survey and analysis; and (b) \$5,930,500 GPR annually for maintenance of the capitol and executive residence.

#### **DISCUSSION POINTS**

1. The program supplements appropriations section of the statutes allows the establishment by statute of reserve appropriations, particularly GPR-funded appropriations, for the supplement of individual state agency appropriation levels. Generally, these reserve appropriations are established to meet certain costs that it is anticipated state agencies will have to bear in the forthcoming biennial budget period, but for which the precise amount of increased funding needed by the individual agencies is not yet determinable at the time the budget is under consideration.

2. However, there are three GPR appropriations under program supplements that, it could be argued, are more like on-going program appropriations in that these appropriations continue from year to year for the exact same activities. They do not act as supplements to existing appropriations that are in place for other existing programs. Two of these appropriations are the ones that are the subject of this issue paper. The third is a continuing appropriation established to

provide a fund to be used for replacement of furnishings in the Executive Residence.

3. In contrast to most other state facilities maintained by the Department of Administration, there is no rent charged to occupants of the Capitol or the Executive Residence. However, because DOA does incur costs for operation and maintenance of those facilities, the GPR appropriation for maintenance of the capitol and executive residence has been established as proxy means of funding space costs in lieu of assessing rent. The funds provided in this appropriation are transferred annually to the space rental account in DOA. This is a central account from which building debt service costs and operating costs for maintenance and operation of all DOA-managed buildings are paid. These costs include protective services costs. Rental charges collected from state agencies that occupy space in other state-owned office buildings that are managed by DOA are also deposited in this account. Thus, this appropriation is not a supplement for increased program costs but an appropriation for an on-going program activity.

4. DOA typically reviews this appropriation level every two years in connection with review of the overall appropriations for its state building operations and its examination of possible need for an increase in the square foot rental charges assessed occupants of state-owned office buildings. Because of the tight fiscal situation for this biennial budget, that review was not done this budget cycle and under SB 44 the appropriation for 2003-04 and for 2004-05 is continued at the same level as was provided in the final appropriated level for 2002-03 (\$5,930,500 GPR). That level was down from the 2001-02 level of \$6,024,200 because the Legislature choose to apply across-the-board reductions totaling 6.5% in 2002-03 to that appropriation under 2001 Act 109. No reduction had been applied under Act 16 when most state agencies' GPR budgets were subject to across-the-board reductions of 5% in each year. Prior to 2001-03, the level of funding in the appropriation was \$3,874,600 GPR annually in the 1997-99 biennium and \$5,492,700 GPR annually in the 1999-01 biennium. The budget increases in the 1999-01 and 2001-03 biennial budgets were both adjusted from the previous biennium on the basis that there were increased costs due to air conditioning of the Capitol, the installation of modern electric services, and additional protective services costs.

5. The groundwater survey and analysis supplemental appropriation was first created in 1979 in response to an expressed need for groundwater information on a statewide basis. The money was provided under program supplements because the initial operation of the appropriation provided that DOA was to allocate the funding in the appropriation for groundwater survey and analysis programs between the Department of Natural Resources and the Wisconsin Geological and Natural History Survey (WGNHS) each biennium. This division was to be based on a mutually agreed-upon program of work by each entity during the two-year period. The WGNHS is a unit within the University of Wisconsin Extension. The initial GPR appropriation level for this activity was \$305,500 annually.

6. Subsequently, following the enactment of a comprehensive groundwater law in 1984, a mutual agreement was reached between the DNR and the WGNHS that the funds could, in subsequent years, be used entirely by the WGNHS so long as its program activities supported DNR needs in the groundwater area and subject to DNR annual agreement to this arrangement.

7. The WGNHS indicates that it currently uses these supplement funds to support part or all of five, full-time academic staff, some student LTEs and one-half of the costs of maintaining a statewide monitoring system of groundwater levels. The WGNHS has further indicated that this supplement is a major source of funding for its work in the groundwater area, but that it also directs a comparable number of dollars from its GPR base budget to support other aspects of its overall basic groundwater program. The WGNHS also states that in the last three fiscal years it has used these GPR expenditures as match to leverage outside funding of about \$275,000 per year.

8. In this latter case, it could again be argued that this appropriation is operating not so much as a supplement to an appropriation for unbudgeted cost increases but as a continuing program add-on to the overall groundwater program activities conducted by the WGNHS. Similar to the maintenance appropriation discussed above, this appropriation was not reduced under Act 16 when most state GPR operating programs were subject to a 5% across the board reduction. Its 2001 Act 16 level of \$231,200 GPR annually was reduced under 2001 Act 109 by \$15,100 (6.5%) in 2002-03.

9. Under SB 44, the third appropriation of this generally same nature is the continuing appropriation for replacement of executive residence furnishing replacements. Since 1996-97, this appropriation has been budgeted at \$25,000 GPR annually. [*Note: this is a continuing GPR appropriation and any annual appropriation amounts not expended in given year remain in the appropriation account for expenditure in a future year*]. This appropriation was not subject to any reductions under 2001 Act 16 but was reduced for 2002-03 under Act 109 by \$1,700 (6.8%). However, under SB 44, the adjusted base level for the appropriation would be reduced by \$11,300 annually (48.5% reduction). The new amount to be appropriated each year would be \$12,000 annually.

10. The Committee could consider whether these other two appropriations should then also be subject to some base budget reduction in the 2003-05 biennium as is being applied to most other GPR state operations appropriations. If the Committee believes some such reduction is appropriate, the following table shows the annual amount of reductions that would result if base reductions of from 1% to 10% were to be taken against either or both of the appropriations. The total reduction amounts on an annual and biennial basis are also shown.

Percentage Reduction	Groundwater Survey and Analysis Annual Chg. to SB 44	Maintenance of Capitol and Executive Residence Annual Chg. to SB 44	TOTALS	
			Annual Chg. to SB 44	Biennial Chg. to SB 44
1.00%	-\$2,200	-\$59,300	-\$61,500	-\$123,000
2.00	-4,300	-118,600	-122,900	-245,800
3.00	-6,500	-177,900	-184,400	-368,800
4.00	-8,600	-237,200	-245,900	-491,800
5.00	-10,800	-296,500	-307,300	-614,600
6.00	-13,000	-355,800	-368,800	-737,600
7.00	-15,100	-415,100	-430,300	-860,500
8.00	-17,300	-474,400	-491,700	-983,600
9.00	-19,400	-533,700	-553,200	-1,106,400
10.00	-21,600	-593,100	-614,700	-1,229,400

11. Alternatively, the Committee may believe that no reduction should be taken in either of these appropriations because of their specific purpose(s). In this case no action by the Committee is necessary and the Governor's funding recommendations would be concurred in.

12. The argument for such a reduction could be made on the basis that most other state operations GPR appropriations are being made subject to some further base reduction and these two appropriations should be treated in a similar manner.

13. With regard to the capitol and executive residence maintenance appropriation, DOA would likely argue that the base contribution that appropriation level in SB 44 represents is below the level that should be being paid into the space rental cost for capitol and executive residence space costs. Further, the argument would likely be made that even with planned increases in space rental rates in state-owned state office buildings, the central space rental account is projected to have only a modest balance at the end of the 2003-05 biennium (projected at \$947,400 on June 30, 2005). However, an examination of those projections indicates that there are some reserves built into those projections for possible shortfalls in total revenue collected and for inflationary and other cost increases that are not in the proposed operating budget. On a net basis, these reserves total over \$3 million per year. Some such reserves are probably prudent. At the same time, however, some further reduction in this GPR appropriation could arguably be accommodated within these reserves, especially in view of the tight fiscal times the state is facing in this biennium.

14. With regard to the groundwater survey and analysis appropriation, the WGNHS would likely argue that since the appropriation's original inception in 1979, the annual level of appropriation is now down to \$216,100, a decline of \$89,400. It would likely be further argued that an additional reduction might impact on the level of staff that could be hired and on the amount of funding that could be used by the WGNHS to possibly match outside funds and thus "leverage" larger total funding for the program. A counter argument would be that in these tight fiscal times, even at a maximum reduction of the typical 10% base reduction figure, the reduced base funding supplement to the WGNHS would still be \$194,500 GPR annually.

## ALTERNATIVES

1. Reduce the appropriation for the groundwater survey and analysis appropriation by one of the following amounts:

	<u>Annual Reduction Percentage</u>	<u>Annual Change to SB 44</u>	<u>Biennial Change to SB 44</u>
a.	1.00%	-\$2,200	-\$4,400
b.	2.00	-4,300	-8,600
c.	3.00	-6,500	-13,000
d.	4.00	-8,600	-17,200
e.	5.00	-10,800	-21,600
f.	6.00	13,000	-26,000
g.	7.00	-15,100	-30,200
h.	8.00	-17,300	-34,600
i.	9.00	-19,400	-38,800
j.	10.00	-21,600	-43,200

2. Reduce the appropriation for the maintenance of the capitol and executive residence by one of the following amounts:

	<u>Annual Reduction Percentage</u>	<u>Annual Change to SB 44</u>	<u>Biennial Change to SB 44</u>
a.	1.00%	-\$59,300	-\$118,600
b.	2.00	-118,600	-237,200
c.	3.00	-177,900	-355,800
d.	4.00	-237,200	-474,400
e.	5.00	-296,500	-593,000
f.	6.00	-355,800	-711,600
g.	7.00	-415,100	-830,200
h.	8.00	-474,400	-948,800
i.	9.00	-533,700	-1,067,400
j.	10.00	-593,100	-1,186,200

3. Take no action.

Prepared by: Terry Rhodes