



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May 1, 2017

Joint Committee on Finance

Paper #155

Standard Budget Adjustments -- Lease Costs (Board on Aging and Long-Term Care)

[LFB 2017-19 Budget Summary: Page 76, #1 (part)]

CURRENT LAW

Every two years, as part of its technical budget instructions to state agencies, the Department of Administration (DOA) reestimates the amount and source of funding agencies should use in budgeting for the cost of leased space in state- and privately-owned facilities in the upcoming biennium.

The Board on Aging and Long-Term Care (BOALTC) leases privately-owned office space in Madison and Stevens Point. In addition, BOALTC leases state-owned space at the Milwaukee State Office Building, the Green Bay State Office Building, and from the Department of Children and Families in La Crosse.

GOVERNOR

Provide \$5,500 (-\$23,500 GPR and \$29,000 PR) in 2017-18 and \$4,700 (-\$23,400 GPR and \$28,100 PR) in 2018-19 for full funding of the agency's lease costs.

DISCUSSION POINTS

1. The following table compares the amounts that should be budgeted for the agency's lease costs, as shown in DOA's technical budget instructions, and the funding change in the bill. The table shows that the funding in the bill is \$100 PR in 2017-18 and \$3,300 PR in 2018-19 less than the amounts that DOA identified in the technical budget instructions. If the Committee wished to provide BOALTC the funding increases DOA had identified in its technical budget instructions, it could increase funding by \$100 PR in 2017-18 and \$3,300 PR in 2018-19 [Alternative 2].

BOALTC Lease Costs

	<u>2017-18</u>			<u>2018-19</u>		
	<u>GPR</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>PR</u>	<u>Total</u>
Base Funding	\$28,000	\$85,000	\$113,000	\$28,000	\$85,000	\$113,000
DOA Estimates of Lease Increases from Technical Budget Instructions						
State-Owned Facilities	2,600	13,200	15,800	2,700	13,500	16,200
Privately - Owned	<u>1,900</u>	<u>100,900</u>	<u>102,800</u>	<u>1,900</u>	<u>102,900</u>	<u>104,800</u>
Total	\$4,500	\$114,100	\$118,600	\$4,600	\$116,400	\$121,000
Change to Base to Reflect DOA Estimates	-\$23,500	\$29,100	\$5,600	-\$23,400	\$31,400	\$8,000
Change to Base in Bill	<u>-23,500</u>	<u>29,000</u>	<u>5,500</u>	<u>-23,400</u>	<u>28,100</u>	<u>4,700</u>
Difference (Shortfall)	\$0	-\$100	-\$100	\$0	-\$3,300	-\$3,300

2. The Committee could retain the amounts that would be provided in the bill to fund the agency's lease costs [Alternative 1]. The current total monthly cost of lease payments for the agency is \$8,794.42 (all funds), or \$105,533 on an annualized basis. The total funding in the bill that would be budgeted for lease payments (\$118,500 in 2017-18 and \$117,700 in 2018-19) would fund an annual increase in lease costs of approximately 4.9% in 2017-18, but reduce total funding budgeted for lease costs in 2018-19 by \$800, or approximately 0.7% in the second year. If the amounts budgeted in the bill are insufficient to support lease costs in the 2017-19 biennium, the agency would be required to fund lease costs from other funding budgeted for the agency's supplies and services costs.

ALTERNATIVES

1. Adopt the Governor's recommendations.
2. Increase funding in the bill by \$100 PR in 2017-18 and \$3,300 PR in 2018-19 to support BOALTC lease costs in the 2017-19 biennium.

ALT 2	Change to	
	Base	Bill
GPR	- \$46,900	\$0
PR	<u>60,500</u>	<u>3,400</u>
Total	\$13,600	\$3,400

Prepared by: Alexandra Bentzen