



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #177

Administrative Agencies Capital Budget (Building Program)

[LFB 2017-19 Budget Summary: Page 505, #1]

CURRENT LAW

Building program projects with costs exceeding \$760,000 are required to be enumerated in the authorized state building program. To enumerate a project, the Legislature lists the project title and budget in a non-statutory provision enacted as part of the biennial budget bill. In addition, the Legislature must authorize any new bonding needed to fund the project.

BUILDING COMMISSION

Enumerate the capital projects in Attachment 1 for administrative agencies (agencies under the purview of the Building Commission's Administrative Affairs subcommittee) and authorize the corresponding funding amounts as part of the 2017-19 state building program to be included under Assembly Bill 64/Senate Bill 30.

DISCUSSION POINTS

1. Attachment 2 provides the capital projects requiring enumeration that were included in administrative agencies' capital budget requests for the 2017-19 biennium. The projects are listed in the order of priority given to them by agencies. Agency requests included 49 major projects and five projects for planning. Of these projects, 20 were recommended for enumeration by the Building Commission as shown in Attachment 1, and two projects were funded by increasing enumerations made in previous building programs. Of the 20 projects recommended for inclusion in the 2017-19 building program, nine would be supported in whole or in part by \$50,373,700 of state general fund supported borrowing (GFSB); two would be supported in whole or in part by \$79,550,700 of state program revenue supported borrowing (PRSB); one would be supported in whole by \$4,805,800 of

state segregated fund supported borrowing (SEGB); five would be supported in whole or in part by \$9,176,700 of existing state general obligation bonds (including Stewardship bonds); three would be supported in whole or in part by \$1,418,700 of state agency operating funds; four would be supported in whole by \$11,342,100 of gifts, grants, and other receipts; and four would be supported in whole or in part by \$25,590,400 of federal revenues.

2. The Building Commission recommended that 11 of the 54 project requests made by administrative agencies be funded in some manner, but not enumerated in the 2017-19 state building program. Of these 11 projects, four projects were recommended to be funded as part of the "All Agency" program and five projects were recommended for planning. Two projects for which additional funding was recommended were enumerated in previous state building programs and, therefore, are not enumerated in the 2017-19 state building program. Table 1 shows these projects and the total recommended funding amounts. In total, the Building Commission recommended \$63,576,900 of funding for these projects or for planning.

TABLE 1

Major Projects Not Enumerated, but Recommended to be Funded in the 2017-19 State Building Program

	<u>All Agency</u>	<u>Planning Funds</u>	<u>Enumerated in Previous Biennia</u>
Corrections			
Comprehensive Long Range Facility Master Plan Study	\$0	\$600,000	\$0
Green Bay Correctional Institute -- Cell Hall Improvements	0	0	22,232,000
Education Communications Board			
Wisconsin Public Television -- DTV Displacement	12,440,000	0	0
Health Services			
Wisconsin Resource Center -- Wet Cell Remodel -- Units 9 and 10	4,196,000	0	0
Military Affairs			
National Guard Readiness Center Design -- Black River Falls	0	668,300	0
National Guard Readiness Center Design -- Viroqua	0	596,900	0
National Guard Readiness Center Design -- Wausau	0	584,900	0
National Guard Readiness Center Design -- Wisconsin Rapids	0	661,600	0
Natural Resources			
Willow River State Park -- Little Falls Dam Reconstruction	0	0	19,041,700
Public Instruction			
Wisconsin Educational Services Program for the Deaf and Hard of Hearing -- Huff Hall Sprinkler System and Abatement	1,555,500	0	0
State Fair Park			
Paving and Infrastructure Repairs	<u>1,000,000</u>	<u>0</u>	<u>0</u>
Totals	\$19,191,500	\$3,111,700	\$41,273,700

3. Table 2 compares the total funding amounts requested by administrative agencies for major capital projects with the funding amounts recommended for enumeration by the Building

Commission for the 2017-19 state building program. Although an equal percent of requested projects recommended for enumeration across agencies may be an unrealistic measure, several agencies do have a significantly lower percent of their requested projects recommended for enumeration. For example, of the larger agencies, the Department of Corrections has a smaller amount of its requested projects and funding recommended for enumeration. However, as indicated in Table 1, the Building Commission recommended providing \$600,000 building trust funds for a comprehensive long range Corrections facilities master plan by DOA, which could be considered the first step of several of the deferred projects. Table 2 includes the two projects in Table 1 that would be funded by increasing the enumeration in previous building programs.

TABLE 2

Total Funding for Administrative Agency Projects Recommended for the 2017-19 State Building Program Compared to the Funding Amounts Requested

Agency	Requested		Recommended for Enumeration		Difference		Percent	
	Count	Funding	Count	Funding	Count	Funding	Count	Funding
Administration	2	\$140,000,000	2	\$79,000,000	0	-\$61,000,000	100.0%	56.4%
Corrections*	15	226,685,000	4	41,083,000	-11	-185,602,000	26.7	18.1
Education Communications Board*	1	12,440,000	0	0	-1	-12,440,000	0.0	0.0
Health Services*	3	27,891,000	1	17,972,000	-2	-9,919,000	33.3	64.4
Military Affairs	3	31,262,700	2	30,662,700	-1	-600,000	66.7	98.1
Natural Resources	12	39,515,800	5	27,300,600	-7	-12,215,200	41.7	69.1
Public Instruction*	2	3,509,300	0	0	-2	-3,509,300	0.0	0.0
State Fair Park*	3	8,920,000	2	7,920,000	-1	-1,000,000	66.7	88.8
Veterans Affairs	7	50,997,500	5	17,943,500	-2	-33,054,000	71.4	35.2
Wisconsin Historical Society	<u>1</u>	<u>1,650,000</u>	<u>1</u>	<u>1,650,000</u>	<u>0</u>	<u>0</u>	100.0	100.0
Total	49	\$542,871,300	22	\$223,531,800	-27	-\$319,339,500	44.9%	41.2%

*At least one requested project was recommended for funding under the all agency category.

4. The cost estimating guidelines provided by the Department of Administration's Division of Facilities Development for 2017-19 capital budget requests directed state agencies to use a cost escalator of 2.0% every six months through July, 2021. Using these cost escalators, delaying \$319.3 million of project costs by two years would increase these projects' costs by \$24.7 million by the beginning of the 2019-21 biennium, assuming that all of these projects would be built.

5. Table 3 compares the total amount of capital projects enumerated for administrative agencies in the five most recent biennial budgets compared to total projects requested by administrative agencies. As shown, the 2017-19 state building program would fund 41.2% of the funding amount requested for major projects, which is the third lowest percentage compared to the previous five biennia. Although the Building Commission recommended the lowest level of new general obligation borrowing for the 2015-17 biennium, the 2015-17 state building program applied previously authorized general obligation borrowing, which comprised the majority of the \$186.2 million of total funding for that biennium.

TABLE 3

Total Funding for Administrative Agency Projects Included in State Building Programs Compared to the Funding Amounts Requested

	<u>Request</u>	<u>Enumerated</u>	<u>Percent of Request Included</u>
2007-09	\$301,747,900	\$229,847,200	76.2%
2009-11	543,927,440	247,721,000	45.5
2011-13	464,159,600	179,090,600	38.6
2013-15	647,144,600	342,642,200	52.9
2015-17	494,082,200	186,248,700	37.7
2017-19	542,871,300	223,531,800*	41.2

*Building Commission recommendations.

6. As an alternative, the Committee could increase the funding amount that would be enumerated for administrative agencies' capital projects such that the percentage of the capital budget that was enumerated for administrative agency projects is at least 45.5%. This percentage is equal to the next highest percentage of the capital budget that was enumerated for administrative agency projects in the five most recent budgets compared to the recommended 2017-19 percentage, as shown in Table 3. This increase could be accomplished by increasing the amount that would be enumerated for such projects by \$23.5 million. A second option would be to provide an additional \$49.0 million of funding for administrative agency projects, so that the total enumeration would equal 50.2% of the amount requested. This percentage is equal to the average percentage of the capital budget that was enumerated for administrative agency projects over the past five biennia.

7. The administration's policy regarding bonding is to keep the amount authorized at the relatively low level provided in the 2015-17 biennium. Table 4 shows the bonding authorizations included in the biennial budget in the most recent five biennia and as proposed for the 2017-19 biennium, including the Building Commission's recommended building program. If the Committee wants to keep bonding authorizations below the average for the five most recent biennia, instead of at the level of the most recent biennium as proposed by the Governor and the Building Commission, the Committee could authorize up to an additional \$1.5 billion of bonding. This amount could include additional bonding for capital projects included in the building program, transportation, and environmental programs.

TABLE 4

**Bonding Authorizations, 2007-09 to 2015-17 and as Proposed for 2017-19
(\$ in Millions)**

	<u>Bonding Authorization</u>
2007-09	\$2,814.3
2009-11	3,591.1
2011-13	1,896.7
2013-15	2,048.6
2015-17*	652.1
2017-19	661.8
Average (Excluding 2017-19)	\$2,200.6

*Amount was subsequently reduced by \$44.8 million pursuant to the provisions of a borrowing purpose for transportation major and rehabilitation projects subject to Joint Committee on Finance approval.

8. In 2016-17, it is estimated that GPR debt service will be 3.56% of GPR expenditures. If the level of GFSB authorizations recommended by the Building Commission is approved, GPR debt service as a percent of GPR appropriations is estimated to remain at 3.56% in 2017-18 and decrease to 3.38% in 2018-19. If the Committee is willing to simply maintain, rather than lower, the percentage of GPR expenditures that are used to pay GPR debt service, the Committee could authorize up to an additional \$400 million GFSB in the 2017-19 biennium.

9. If the Committee determines the project enumerations and funding levels recommended by the Governor and Building Commission are appropriate for the 2017-19 biennium, it could approve the Building Commission's recommended 2017-19 state building program.

ALTERNATIVES

1. Approve the Building Commission's recommendation to enumerate 20 administrative agency building projects as part of the 2017-19 state building program with total enumerations of \$182,258,100.

2. Modify the Building Commission's recommendation to enumerate additional building projects requested by administrative agencies for inclusion in the 2017-19 state building program. The amount of funding would be determined by the additional building projects included for enumeration by the Committee.

3. Take no action. No administrative agency projects would be included in the 2017-19 building program.

Prepared by: Emma Schumann
Attachments

ATTACHMENT 1

Enumerated Projects for Administrative Agencies as Recommended by the Building Commission for the 2017-19 State Building Program

	<u>New General Obligation Bonds</u>			<u>Existing General Obligation Bonds</u>	<u>Agency Operating Funds</u>	<u>Gifts, Grants, and Other Receipts</u>	<u>Federal</u>	<u>Subtotal</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>					
Administration								
Southeast Wisconsin Law Enforcement Facility -- Milwaukee	\$0	\$75,000,000	\$0	\$0	\$0	\$0	\$0	\$75,000,000
State Office Building Replacement -- Land Only -- Milwaukee	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,000,000</u>
Subtotal	\$0	\$75,000,000	\$0	\$4,000,000	\$0	\$0	\$0	\$79,000,000
Corrections								
Fox Lake Correctional Institution -- Drinking Water System Improvements	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000,000
Waupun Correctional Institution -- Behavior Housing Unit Life Safety Improvements	6,981,000	0	0	0	0	0	0	6,981,000
Wisconsin Secure Program Facility -- New Inmate Programs Building -- Boscobel	<u>8,870,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,870,000</u>
Subtotal	\$18,851,000	\$0	\$0	\$0	\$0	\$0	\$0	\$18,851,000
Health Services								
Mendota Mental Health Institute -- Lorenz Hall West Secure Treatment Units -- Madison	\$16,972,000	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$17,972,000
Military Affairs								
National Guard Readiness Center Addition and Renovation -- Appleton	\$6,972,200	\$0	\$0	\$0	\$0	\$0	\$17,198,700	\$24,170,900
National Guard Readiness Center Renovation Phase II -- Milwaukee	<u>3,245,900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,245,900</u>	<u>6,491,800</u>
Subtotal	\$10,218,100	\$0	\$0	\$0	\$0	\$0	\$20,444,600	\$30,662,700

	<u>New General Obligation Bonds</u>			<u>Existing General Obligation Bonds</u>	<u>Agency Operating Funds</u>	<u>Gifts, Grants, and Other Receipts</u>	<u>Federal</u>	<u>Subtotal</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>					
Natural Resources								
High Cliff State Park -- Family Campground Expansion -- Harrison	\$0	\$0	\$0	\$841,700	\$0	\$0	\$0	\$841,700
Peninsula State Park -- South Nicolet Bay Campground Toilet/Shower Building Replacement	0	0	0	839,300	0	0	0	839,300
Peninsula State Park -- Eagle Tower Reconstruction Science Operations Center -- Purchase and Chronic Wasting Disease Processing Center Addition	0	0	0	0	0	1,772,100	0	1,772,100
Subtotal	<u>0</u>	<u>0</u>	<u>4,805,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,805,800</u>
	\$0	\$0	\$4,805,800	\$1,681,000	\$0	\$1,772,100	\$0	\$8,258,900
State Fair Park								
Cream Puff Pavilion -- West Allis	\$0	\$0	\$0	\$0	\$0	\$6,000,000	\$0	\$6,000,000
Dairy Education Center Addition -- West Allis	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,920,000</u>	<u>0</u>	<u>1,920,000</u>
Subtotal	\$0	\$0	\$0	\$0	\$0	\$7,920,000	\$0	\$7,920,000
Veterans Affairs								
Wisconsin Veterans Home at King -- Electrical Substation Replacement	\$1,048,600	\$0	\$0	\$1,947,400	\$0	\$0	\$0	\$2,996,000
Wisconsin Veterans Home at King -- Water Improvements	833,700	0	0	1,548,300	0	0	0	2,382,000
Wisconsin Veterans Home at King -- Food Service System Upgrades	2,450,300	4,550,700	0	0	0	0	0	7,001,000
Central Wisconsin Veterans Memorial Cemetery at King -- Crypts, Irrigation, and Flag Plaza	0	0	0	0	132,200	0	1,701,300	1,833,500
Southern Wisconsin Veterans Memorial Cemetery at Union Grove -- Headstone Alignment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>286,500</u>	<u>0</u>	<u>3,444,500</u>	<u>3,731,000</u>
Subtotal	\$4,332,600	\$4,550,700	\$0	\$3,495,700	\$418,700	\$0	\$5,145,800	\$17,943,500
Wisconsin Historical Society								
Old World Wisconsin -- Old Brewery and Biergarten -- Eagle	\$0	\$0	\$0	\$0	\$0	\$1,650,000	\$0	\$1,650,000
Total	\$50,373,700	\$79,550,700	\$4,805,800	\$9,176,700	\$1,418,700	\$11,342,100	\$25,590,400	\$182,258,100*

*Excludes \$41,273,700 provided for projects enumerated in earlier building programs. If those moneys are added, the enumerations would total \$223,531,800.

	<u>New General Obligation Bonds</u>			<u>Existing General Obligation Bonds</u>	<u>Agency Operating Funds</u>	<u>Gifts, Grants, and Other Receipts</u>	<u>Federal</u>	<u>Subtotal</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>					
Kettle Moraine Correctional Institution -- New Housing Units	\$33,627,000	\$0	\$0	\$0	\$0	\$0	\$0	\$33,627,000
Oregon Correctional Center -- Addition and Renovation	3,588,000	0	0	0	0	0	0	3,588,000
Waupun Central Generating Plant -- Water System Upgrade Completion	<u>4,090,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,090,000</u>
Subtotal	\$222,935,000	\$0	\$0	\$3,750,000	\$0	\$0	\$0	\$226,685,000
Education Communications Board								
Wisconsin Public Television -- DTV Displacement	\$1,468,000	\$0	\$0	\$0	\$0	\$0	\$10,972,000	\$12,440,000
Health Services								
Mendota Mental Health Institute -- Lorenz Hall West Secure Treatment Units -- Madison	\$16,972,000	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$17,972,000
Mendota Mental Health Institute -- Boiler #1 Replacement -- Madison	5,723,000	0	0	0	0	0	0	5,723,000
Wisconsin Resource Center -- Wet Cell Remodel -- Units 9 and 10	<u>4,196,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,196,000</u>
Subtotal	\$26,891,000	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$27,891,000
Military Affairs								
National Guard Readiness Center Addition and Renovation -- Appleton	\$6,972,200	\$0	\$0	\$0	\$0	\$0	\$17,198,700	\$24,170,900
National Guard Readiness Center Design -- Viroqua	149,200	0	0	0	0	0	447,700	596,900
National Guard Readiness Center Design -- Black River Falls	167,000	0	0	0	0	0	501,300	668,300
National Guard Readiness Center Renovation Phase II -- Milwaukee	3,245,900	0	0	0	0	0	3,245,900	6,491,800
National Guard Readiness Center Design -- Wausau	146,200	0	0	0	0	0	438,700	584,900
National Guard Readiness Center Design -- Wisconsin Rapids	165,400	0	0	0	0	0	496,200	661,600
Readiness Center Property Purchases -- Fond du Lac and Plymouth	600,000	0	0	0	0	0	0	600,000
National Guard Challenge Academy Design -- Phase I -- Fort McCoy	<u>591,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>591,600</u>
Subtotal	\$12,037,500	\$0	\$0	\$0	\$0	\$0	\$22,328,500	\$34,366,000

	<u>New General Obligation Bonds</u>			<u>Existing General Obligation Bonds</u>	<u>Agency Operating Funds</u>	<u>Gifts, Grants, and Other Receipts</u>	<u>Federal</u>	<u>Subtotal</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>					
Natural Resources								
Pattison Ranger Station -- New Radio Tower	\$0	\$0	\$1,241,700	\$0	\$0	\$0	\$0	\$1,241,700
Peninsula State Park -- South Nicolet Bay Campground Toilet/Shower Building Replacement	0	0	0	839,300	0	0	0	839,300
Nevin Fish Hatchery -- New Storage Building	0	0	2,848,400	0	0	0	0	2,848,400
Gresham -- New Joint Ranger Station	0	0	2,153,700	0	0	0	0	2,153,700
Science Operations Center -- Purchase and Chronic Wasting Disease Processing Center Addition	0	0	4,805,800	0	0	0	0	4,805,800
Black River Falls Service Center -- New Joint Forest Fire Operations Facility	0	0	2,086,800	0	0	0	0	2,086,800
Rhinelanders Service Center -- Storage Building Replacement	0	0	761,900	0	0	0	0	761,900
Cornell Ranger Station -- Ranger Station Replacement	0	0	1,964,500	0	0	0	0	1,964,500
Grantsburg Ranger Station -- New Equipment Maintenance Shop	0	0	1,158,200	0	0	0	0	1,158,200
High Cliff State Park -- Family Campground Expansion -- Harrison	0	0	0	841,700	0	0	0	841,700
Peninsula State Park -- Eagle Tower Reconstruction	0	0	0	0	0	1,772,100	0	1,772,100
Willow River State Park -- Little Falls Dam Reconstruction	<u>3,500,000</u>	<u>0</u>	<u>0</u>	<u>15,541,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,041,700</u>
Subtotal	\$3,500,000	\$0	\$17,021,000	\$17,222,700	\$0	\$1,772,100	\$0	\$39,515,800
Public Instruction								
Wisconsin Educational Services Program for the Deaf and Hard of Hearing -- New Walker Hall Auditorium	\$1,953,800	\$0	\$0	\$0	\$0	\$0	\$0	\$1,953,800
Wisconsin Educational Services Program for the Deaf and Hard of Hearing -- Huff Hall Sprinkler System and Abatement	<u>1,555,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,555,500</u>
Subtotal	\$3,509,300	\$0	\$0	\$0	\$0	\$0	\$0	\$3,509,300
State Fair Park								
Paving and Infrastructure Repairs -- West Allis	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000,000
Dairy Education Center Addition -- West Allis	0	0	0	0	0	1,920,000	0	1,920,000
Cream Puff Pavilion -- West Allis	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,000,000</u>	<u>0</u>	<u>6,000,000</u>
Subtotal	\$1,000,000	\$0	\$0	\$0	\$0	\$7,920,000	\$0	\$8,920,000

	<u>New General Obligation Bonds</u>			<u>Existing General Obligation Bonds</u>	<u>Agency Operating Funds</u>	<u>Gifts, Grants, and Other Receipts</u>	<u>Federal</u>	<u>Subtotal</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>					
Veterans Affairs								
Wisconsin Veterans Home at King -- Water Improvements	\$833,700	\$1,548,300	\$0	\$0	\$0	\$0	\$0	\$2,382,000
Wisconsin Veterans Home at King -- Electrical Substation Replacement	1,048,600	1,947,400	0	0	0	0	0	2,996,000
Wisconsin Veterans Home at King -- Food Service System Upgrades	2,450,350	4,550,650	0	0	0	0	0	7,001,000
New Skilled Nursing Facility -- Madison	10,792,250	20,042,750	0	0	0	0	0	30,835,000
Southern Wisconsin Veterans Memorial Cemetery at Union Grove -- Administration Building Expansion and Fire Protection	2,219,000	0	0	0	0	0	0	2,219,000
Southern Wisconsin Veterans Memorial Cemetery at Union Grove -- Headstone Alignment	0	0	0	0	286,500	0	3,444,500	3,731,000
Central Wisconsin Veterans Memorial Cemetery at King -- Crypts, Irrigation, and Flag Plaza	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,200</u>	<u>0</u>	<u>1,701,300</u>	<u>1,833,500</u>
Subtotal	\$17,343,900	\$28,089,100	\$0	\$0	\$418,700	\$0	\$5,145,800	\$50,997,500
Wisconsin Historical Society								
Old World Wisconsin -- Old Brewery and Biergarten Construction -- Eagle	\$0	\$0	\$0	\$0	\$0	\$1,650,000	\$0	\$1,650,000
Total	\$288,684,700	\$168,089,100	\$17,021,000	\$20,972,700	\$1,418,700	\$11,342,100	\$38,446,300	\$545,974,600*

*The requests include five planning requests totaling \$3,103,300 that are excluded from the requested project funding shown in Table 2.