

# State of Wisconsin

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## Joint Committee on Finance

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: August 5, 2019

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received August 5, 2019, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Department of Military Affairs.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Thursday, August 22, 2019**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN;jm



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor  
Joel Brennan, Secretary

**Date:** August 5, 2019

AUG 05 2019

*St. Finance*

**To:** The Honorable Alberta Darling, Co-Chair  
Joint Committee on Finance

The Honorable John Nygren, Co-Chair  
Joint Committee on Finance

**From:** Joel T. Brennan, Secretary  
Department of Administration

*JTB*

**Subject:** s. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2019-20</u>		<u>2020-21</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DMA 20.465(1)(g)	Military property	\$782,000		\$0	

As provided in s. 16.515, the request(s) will be approved on August 26, 2019, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

**Date:** August 2, 2019  
**To:** Brian Pahnke  
**From:** Cory Stinebrink  
**Subject:** Section 16.515 Request

Attached is a s. 16.515 request analysis for your approval and processing. Listed below is a summary of each item:

**DOA RECOMMENDATION:**

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2019-20</u>		<u>2020-21</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DMA 20.465(1)(g)	Military property	\$782,000		\$0	

**AGENCY REQUEST:**

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2019-20</u>		<u>2020-21</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DMA 20.465(1)(g)	Military property	\$832,000		\$50,000	

BP APPROVAL



(FORWARD TO GAIL TAPPEN)



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor  
Joel Brennan, Secretary  
Brian Pahnke, Administrator

**Date:** August 2, 2019

**To:** Joel Brennan, Secretary  
Department of Administration

**From:** Cory Stinebrink  
Executive Policy and Budget Analyst

**Subject:** Request Under s. 16.515 from the Department of Military Affairs for Military Property Billeting.

**Request:**

The Department of Military Affairs requests an increase in expenditure authority of \$782,000 PR in fiscal year 2019-20 and a \$50,000 PR annual increase, beginning fiscal year 2019-20, as base building in its military property appropriation under s. 20.465(1)(g) for construction and the purchase of furniture and linens for billeting rooms.

**Revenue Sources for Appropriation:**

The revenue sources for the military property appropriation under s. 20.465(1)(g) include fees charged for nightly billeting services provided to those conducting business at Fort McCoy.

**Background:**

The Wisconsin Military Academy occupied a newly constructed 138,000 square foot facility at Fort McCoy in 1994. The facility includes classrooms, lecture halls, office space, a dining facility and 232 short-term billeting rooms with a total of 336 available beds. The billeting rooms have not been refreshed with updated furniture since the original construction was completed.

Lodging facilities include 109 double occupancy rooms in the west wing and 123 single rooms in the north wing. Rooms in the west wing are assigned to military personnel with a rank of E-6 and lower. A rank of E-6 is an Army staff sergeant or an Air Force technical sergeant. No daily housekeeping service is provided in the west wing, only after check-out as linens are replaced and a full clean is completed. Rooms in the north wing are assigned to military personnel with a rank of E-7 or higher. A rank of E-7 is an Army sergeant first class, an Air Force master sergeant or an Air Force first sergeant. Housekeeping services are provided in the north wing daily.

Revenue is generated through charging a nightly rate for utilization of billeting rooms. The west wing, which has double occupancy rooms, charges a nightly rate of \$16 for official users and \$21 for unofficial users. The north wing, which has single occupancy, has a nightly fee of \$33 for official users and \$45 for unofficial users.

Wisconsin Military Academy conducts structured courses for National Guard members, including the Wisconsin Army National Guard Non-Commissioned Officer and Officer Candidate Schools, as well as specialized Field Artillery courses. In addition, it hosts numerous conferences and workshops for the Wisconsin National Guard, the Department of Military Affairs, and various other agencies.

**Analysis:**

The budget authority for billeting services in the military property appropriation under s. 20.465(1)(g) is \$690,800 in fiscal year 2019-20, which is used to fund 2.5 FTE PR positions and other costs associated with managing the facility. The billeting services program runs at a surplus and has built up a cash balance of \$1,342,163 at the end of fiscal year 2018-19. Revenue generated in the appropriation has averaged \$946,555 over the past four fiscal years.

The department plans to convert double rooms with twin beds in the west wing of the facility into single rooms. While this will result in a reduction in total beds available by 109, the department has been operating these rooms primarily as single capacity rooms as the U.S. Army Training and Doctrine Command requirement for accreditation is to have the department go to single person rooms based on the square footage of the facility. The west wing will require replacement of furniture and linens for 104 to 109 rooms as well as removal of existing mattresses. Some of the rooms have been refreshed as a pilot in in fiscal year 2018-19.

The one-time request to refresh the facility is based on the following estimates.

<u>Estimated Renovation Costs</u>	
Construction	\$345,000
Furniture	\$332,200
Linens	\$41,400
Televisions	\$52,000
Blinds	\$10,900
Mattress Removal	\$500
Total	\$782,000

The majority of people staying at Wisconsin Military Academy are single lodgers rather than multiple lodgers. Operating the facility as a single occupancy facility impacted revenue collection by as much as \$170,000 in fiscal year 2018-19 compared to what would have been expected as a double occupancy facility. However, with this operational transition already in effect, the revenue impact of converting double rooms to single rooms would be minimal. Converting rooms from double occupancy to single occupancy is also not expected to impact expenditures on an ongoing basis, as the total number of rooms will not change.

The department conducts an annual rate review to ensure occupancy rates charged will be sufficient to cover operational and capital improvement costs. The department is currently expecting to increase rates due to transitioning to single occupancy. The department does

not anticipate significant changes to utilization of the facility due to relatively stable course loads and drill weekends.

The second part of this request is for a \$50,000 annual increase to the department's base budget for supplies and services due to increased use of the facility, causing a more rapid deterioration of items in each room than anticipated. The department believes the additional expenditure authority would allow it to implement a replacement schedule, while making some minor modifications to upgrade and maintain the facility. However, the department has had an average closing expenditure authority balance of \$160,500 in this appropriation over the last four fiscal years. In fiscal year 2017-18, the department closed with its lowest balance over that period of \$4,400. The appropriation is estimated to close fiscal year 2018-19 with a balance of \$240,600. If the department demonstrates an ongoing need for additional expenditure authority, it would be able to make that request in its 2021-23 biennial budget request.

The appropriation has a sufficient cash balance to pay for the proposed renovations, linen and furniture replacement, fund its operations and maintain an operating reserve of \$100,000, which the department has set as its optimal cash reserve target. There would also be a sufficient cash balance to approve the department's request for a \$50,000 annual increase to its base budget.

<u>Billiting Services Appropriation Cash Balance</u>	
Cash Balance at End of Fiscal Year 2018-19	\$1,342,163
Estimated Revenue in Fiscal Year 2019-20	\$946,555
Estimated Cost of Renovation	(\$782,000)
Fiscal Year 2019-20 Budget Authority	(\$690,800)
Operating Reserve	(\$100,000)
<u>Annual Base Increase</u>	<u>(\$50,000)</u>
Estimated Cash Balance at End of Fiscal Year 2019-20	\$665,918

**Recommendation:**

Modify the request to provide \$782,000 PR in fiscal year 2019-20 for construction, linen and furniture upgrades, but deny the request for a \$50,000 PR annual base budget increase.



STATE OF WISCONSIN

DEPARTMENT OF MILITARY AFFAIRS  
OFFICE OF THE ADJUTANT GENERAL  
STATE BUDGET & FINANCE OFFICE  
POST OFFICE BOX 14587  
MADISON, WI 53708-0587

Date: July 15, 2019

To: Brian Pahnke  
State Budget Director, Department of Administration

From: Major General Donald P. Dunbar  
Adjutant General, Department of Military Affairs

Subject: Request for Increased Spending Authority pursuant to s. 16.515, Wis. Stats.  
WI Military Academy: Appropriation 20.465(1)(g)

**Request:**

The Department of Military Affairs (DMA) requests an increase in expenditure authority for its Military Property Billeting appropriation (1)(g)(numeric 132) of \$782,000, for fiscal year 2020 and \$50,000 increase to base. The requested increase is needed due to construction and the purchase of furniture and linens for billeting rooms.

**Background:**

The Wisconsin Military Academy (WMA) occupied a newly constructed 138,000 square foot facility at Fort McCoy in the fall of 1994. The facility includes classrooms, lecture halls, office space, a dining facility and 232 short-term lodging rooms with a total of 336 available beds. The billeting rooms have not been refreshed with updated furniture since the original construction was completed. WMA conducts structured courses for National Guard members, including the Wisconsin Army National Guard Non-Commissioned Officer and Officer Candidate Schools, as well as specialized Field Artillery courses. In addition, it hosts numerous conferences and workshops for the Wisconsin National Guard, the Department of Military Affairs, and various other agencies.

Lodging facilities include 109 (213 beds) double occupancy rooms in the West Wing, which are assigned to a rank of E-6 and lower ranked students and charged a nightly rate of \$16.00 for official users and \$21.00 for unofficial users. No daily housekeeping service is provided in the West Wing, just every Friday as linens are replaced and a full clean is completed after check-out. The North Wing consists of 123 single rooms for rank of E-7 and higher, instructors, conference attendees, and personnel otherwise conducting business at Fort McCoy. Housekeeping services are provided in the North Wing daily, and a nightly billeting fee of \$33.00 is charged for official users and \$45.00 for unofficial users. Thus, WMA functions not only as an academic enterprise, but also very much like a hotel or conference center on a continuing basis.

Budget authority in 20.465(1)(g), Wis. Stats. for billeting operations in SFY2019 is \$727,400 which is used to fund 5.0 FTE and several LTE personnel as well as fund supplies and services associated with the facility and billeting needs. This is the only appropriation used to support this operation so no additional option exists to cover these funding needs for the construction and supplies needed to refresh the West Wing rooms.

**Current Situation:**

WMA is a program revenue (PR) supported operation, with its revenue being derived from the fees charged for nightly billeting services provided to those conducting business at Fort McCoy. In recent years, revenues have been greater than DMA's authorized spending authority. While this is a positive occurrence, it has not allowed DMA to fully utilize its funding capabilities to maintain the billeting facility. It should be noted that revenues received for services rendered by WMA cannot be used for any other purpose other than to operate and maintain the West Wing of WMA.

The current base spending authority for the Wisconsin Military Academy is \$727,400 in SFY2019. With the continued and increased use of the facility, general items have begun to deteriorate at a greater pace than anticipated and need replacement. At the same time, several minor improvements had been identified that would make the facility user-friendlier to the staff and guests. The increase in spending authority will allow WMA to implement a replacement schedule, while making some minor modifications that will help upgrade the facility.

The West Wing will be converted from double rooms with twin beds to single rooms with a full bed. The impact to revenue will be negligible since there are many times a room is used by a single person. The West Wing will require replacement of furniture and linens for 104 to 109 rooms as well as removal of existing mattresses. Some of the rooms have been refreshed as a pilot in SFY2019 to see the impact on room usage.

Current revenues exist to cover the costs of minor construction and linen and furniture purchases to refresh the West Wing. As of March 27, 2019, cash balance (Table 1) was \$1.2 million. The department's Billeting Council, an interdisciplinary management advisory council that oversees WMA's billeting operations, has established a \$100,000 operating reserve as its optimal target. Table 2 shows the budgetary need for the construction and room purchases intended to refresh the West Wing rooms. The cash balance is sufficient to both meet the required cash reserve, expense needs for SFY2020 as well as the financial needs for this project.

Table 1: Cash Balance in Appropriation 132 as of March 2019

<b>Cash Balance through March 27, 2019</b>	<b>\$1,183,100</b>
Estimated revenues April-June 2019 and SFY2020	\$ 843,200
Estimated Room Refresh Estimate	\$ -782,000
SFY2020 personnel and supply/service estimate	\$ -742,000
<b>Estimated Cash Balance Remaining</b>	<b>\$ 502,300</b>

Table 2: Budget Authority Increase Needed at WMA for SFY2020 West Wing Refresh

<b>Item</b>	<b>SFY2020 Budgetary Need</b>
Construction	\$ 345,000
Furniture	\$ 332,200
Linens	\$ 41,400
Televisions	\$ 52,000
Blinds	\$ 10,900
Mattress Removal	\$ 500
<b>Total Estimated Expenditures</b>	<b>\$ 782,000</b>
<b>Budget Authority Needed</b>	<b>\$ 782,000</b>

**Proposed Resolution:**

Provide \$782,000 in budget authority in 20.465(1)(g) – numeric 132 to cover the costs of construction, furniture and linen purchases in SFY2020 and provide an increase of \$50,000 to base for supplies and services.

**Revenue Source for the Appropriation:**

As noted above, the Billeting Services is a numeric appropriation within the department’s Military Property Appropriation under s. 20.465(1)(g). Revenues are derived from billeting (lodging) fees charged to guests.

**Fiscal Impact on the Appropriations:**

Currently, DMA has appropriation authority and sufficient cash balance but not enough budget authority in the appropriation. The 20.465(1)(g) appropriation is Program Revenue (PR); expenditures can only be made to the level of available revenues and resources. Therefore, any spending authority above actual revenues and/or fund balances generated is irrelevant and not usable. Based on current expenditures and revenues, the appropriation’s cash balance was \$884,600 at the end of the state fiscal year 2018, with estimated revenues for the billeting fund being \$900,000 per fiscal year. The department’s Billeting Council, an interdisciplinary management advisory council that oversees WMA’s billeting operations, has established a \$100,000 operating reserve as its optimal target. To that end, there are more than sufficient resources to justify the requested increase in spending authority for the Wisconsin Military Academy.

**Request Prepared by:**

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 Wisconsin Department of Military Affairs  
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