

DATE: January 20, 2017
TO: Interested Parties
FROM: Kent Dell, Fiscal Analyst
RE: Chargeable Transient Quarters Program and Billeting Fund

Overview

In FY 2014-15 the Legislature established the Chargeable Transient Quarters Program (CTQ) and Billeting Fund, both of which are under the authority of the Michigan Department of Military and Veterans Affairs (DMVA). Established in accordance with National Guard Regulation 5-3-1,¹ the CTQ supports hotel-like lodging² established on National Guard posts. These lodging sites may be used by U.S. Department of Defense (DoD) personnel³ while they are temporarily assigned to the National Guard post for training or other official matters. The CTQ cannot support permanent living quarters for DoD personnel.

The CTQ is supported by the Billeting Fund, which receives all fees and surcharges paid by personnel who rent out rooms or facilities established under the CTQ. The CTQ is governed by the Lodging Advisory Council, which provides oversight of the program and establishes the room/facility rental rates for CTQ facilities.

Michigan National Guard CTQ Facilities

The state's CTQ is administered by the Michigan National Guard and was established in March 2015 via the supplemental appropriation act 2015 PA 6. The CTQ supports staffing, operation, maintenance, and contractual service costs for the Fort Custer Education Center at Fort Custer as well as the Grayling Chargeable Quarters at Camp Grayling. The Fort Custer Education Center serves as both a transient quarters as well as a conference/training center, containing 242 individual rooms, 5 multi-purpose rooms, 4 classrooms, and an auditorium.⁴ The CTQ facilities operated at Camp Grayling include 4 rental cottages and 31 rooms divided into separate tiers based upon amenities provided.⁵

Costs to military units and DoD personnel to rent rooms and facilities varies dependent upon the type of facility or room being rented – generally in terms of amenities – as well as the rank of the individual renting the room and whether or not the individual is an official or non-official user. Official users are generally those personnel who are ordered to temporary duty to the National Guard Post and can provide official documentation of the orders, whereas non-official users are DoD personnel who

¹ This regulation took effect in July 2015. However, the CTQ in Michigan was originally established in accordance with National Guard Regulation 210-50, which was superseded by the aforementioned regulation.

² Generally equivalent to a 2 to 3 star commercial hotel.

³ Includes active-duty, reserve component, National Guard members, DoD employed civilians, and any other personnel acting in an official capacity for the DoD.

⁴ Source: Michigan National Guard; <http://minationalguard.com/fort-custer-training-center/>.

⁵ Source: Michigan National Guard; <http://grayling.minationalguard.com/quarters/>.

choose to utilize the CTQ facilities for personal convenience. Non-official users are required to pay an additional surcharge to reimburse for utility and maintenance expenses that are generally covered by federal appropriations to the National Guard.

According to memorandums provided by the Michigan Army National Guard, the rates established for each facility by the Lodging Advisory Council are calculated by estimating total annual costs to maintain and operate each facility and dividing that sum by expected occupancy. For example, the official user base rate for a single occupancy room with a shared bath and twin bed at the Fort Custer Education Center in 2016 was calculated (amounts are not exact due to rounding)⁶:

$$Base\ Room\ Rate = \frac{Total\ Annual\ Operating\ Expenses}{((Number\ of\ Available\ Rooms \times 365\ Days) \times Expected\ Occupancy\ Rate)}$$

$$\$23.00 = \frac{\sim\$757,200}{((243 \times 365\ Days) \times \sim36\%)}$$

Appropriations and Expenditures

State restricted revenues supporting the CTQ are appropriated from the Billeting Fund, a revolving fund administered by the DMVA. The Billeting Fund was established with the CTQ in FY 2014-15 through supplemental appropriations act 2015 PA 6, and is entirely supported by the fees and surcharges paid by military units and DoD personnel utilizing Michigan National Guard CTQ facilities. The Billeting Fund is not a statutorily created fund, rather its authorization is through a recurring boilerplate section in the public acts containing the annual appropriations for the DMVA. Appropriations for the CTQ are incorporated into the Military Training Sites and Support Facilities line item in the FY 2016-17 DMVA budget. Funds remaining in the Billeting Fund at the end of a fiscal year do not lapse to the General Fund.

CTQ Appropriations and Expenditures (Not Adjusted for Inflation)			
	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Appropriations	\$1,500,000	\$1,500,000	\$1,517,800
Enc. & Exp.	\$17,200	\$868,900	\$684,300*
<i>*FY 2016-17 encumbrances and expenditures current through January 19, 2017.</i>			

Source: Michigan Administrative Information Network; accessed January 19, 2017.

⁶ According to memorandums and worksheets provided by the Michigan Army National Guard via the DMVA.