

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: 06/21/99

Received By: champra

Wanted: Soon

Identical to LRB:

For: Assembly Republican Caucus

By/Representing: Sande

This file may be shown to any legislator: NO

Drafter: champra

May Contact:

Alt. Drafters:

Subject: **Employ Pub - miscellaneous
State Finance - miscellaneous**

Extra Copies:

Pre Topic:

ARC:.....Sande - Amdt. #1 (3),

Topic:

GPR position authority for UW System

Instructions:

See Attached.

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|---------------------|---------------------|----------------------|----------------|--------------------------|-----------------|-----------------|
| /? | champra 06/21/99 | gilfokm 06/21/99 | | _____ | | | |
| /1 | | | jfrantze 06/21/99 | _____ | lrb_docadmin 06/21/99 | | |

FE Sent For:

<END>

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| 1/? | champra | 1-6-99 King | 7/6/99 | 7/6/smc 6/21 | | | |

FE Sent For:

<END>

Budget Amendments 1999-2000

-b0695

Statement of Intent: UW System. Higher Education Package

Legislator: Kreibich and Freese

Amendment#: 1

Staff contact: Andy

Status: Pass

Agency: UWSys

Tax Cut:

Summary: Provision #1

Tuition Revenue Expenditure Authority (UW System)

The motion would restore the Governor's proposal relating to tuition flexibility but would tie WHEG grants for undergraduates enrolled at UW campuses to tuition increases.

MJL

Provision #2

UW Madison Initiative

The motion restores the Governor's proposal relating to the UW Madison Initiative, which would have students and taxpayers paying equally for tuition. The JFC action would result in taxpayers paying more of the cost of tuition by eliminating \$6.9 million from increased tuition.

MJL

Provision #3

GPR Position Authority

The motion would approve the Governor's recommendation to permit the Board of Regents to request approval from the Secretaries of DOA and DER in the 1999-01 biennium, to increase the number of positions that are funded in whole or in part with GPR by 1% above the base level.

~~MJL~~
RAC?

Provision #4

Incorporate 1999 Assembly Bill 244 in Biennial Budget

JTK

Provision #5

Incorporate 1999 Assembly Bill 322 in the Biennial Budget

RAC

Provision #6

Increase funding for WHEG and TG Grants

Specify that savings generated through the inclusion of 1999 Assembly 322 in the amendment would be used to increase funding for Wisconsin Higher Education Grants (WHEG) and Tuition Grants (TG). The motion utilizes the \$1,091,800 (GPR) saving to restore \$397,415 in funding over the biennium for WHEG grants to UW students, \$270,766 in funding to WHEG grants for WTCS students, and \$423,618 in funding for TG-eligible students.

RAC
MJL

Contact: Matt Sorbe and Brian Dake

HIGHER EDUCATION PACKAGE

(Rep. Kreibich and Rep. Freese)

Provision #1

Tuition Revenue Expenditure Authority (UW System)

Current Law:

The Legislature establishes the appropriation level for tuition and fee revenues generated by the UW System. This is the amount shown in the Chapter 20 appropriations schedule in the statutes. In addition to this amount, the University is permitted to expend: (a) any tuition revenues that were allotted, but not expended in the prior year; (b) in the first year of a biennium, an amount equal to 4% of the amount shown in the Chapter 20 schedule for that year; and (c) in the second year of a biennium, an amount equal to 7% of the amount shown in the Chapter 20 schedule for that year. The 104%/107% flexibility was provided to the Board as a part of the 1997-99 state budget act (1997 Act 27). While there is no limit on the amount of tuition revenues that can be generated, expenditures in excess of the amount appropriated plus any additional amounts available under a. through c. above, require approval by the Legislature or the Joint Committee on Finance (JFC) acting under s. 16.515 of the statutes.

The Board of Regents has the authority to set tuition rates, which can vary by campus as well as by level of student (graduate and undergraduate), type of student (resident and nonresident) and program.

Governor:

The Governor's budget changes the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation, which would allow the UW to expend all monies received as tuition and fees, without limit and without the prior approval of the Legislature or the Joint Committee on Finance.

JFC Action:

Appropriation for Tuition and Fee Revenues

The Committee maintained current law. The Board of Regents would be permitted to expend tuition revenues in excess of the amount appropriated by 4% in the first year of a biennium and by 7% in the second year of a biennium.

Use of Tuition and Fee Revenues

The Committee specified that the Board of Regents may allocate sufficient tuition revenues for that portion of the 1999-01 pay plan increases for faculty and academic staff not funded through compensation reserves, similar to the nonstatutory provision included in 1997 Act 27.

Motion:

The Wisconsin higher education grant (WHEG) program provides need-based grants to resident undergraduates enrolled at UW campuses and Wisconsin Technical College System (WTCS) institutions. **The motion would restore the Governor's proposal relating to tuition flexibility but would tie WHEG grants for undergraduates enrolled at UW campuses to tuition increases.**

Current law specifies a sum certain in each fiscal year for the amount appropriated for certain higher education grants awarded by the Higher Educational Aids Board. The motion would tie increases to the WHEG program appropriations to the highest percentage resident undergraduate tuition increase of UW institutions. **This action would support the UW Board of Regents position that GPR financial aid should increase at a rate no less than that of tuition.**

Fiscal impact:

Indeterminate.

Provision #2

UW Madison Initiative

Current Law:

In 1998-99, the adjusted base budget for the UW System totals approximately \$2.7 billion, of which \$911.0 million or 32.9% is funded from state, general purpose revenues. Approximately 80.7% of the University's GPR budget is provided under an appropriation for general program operations for University education, research and public service. The UW System has the ability to combine the GPR general program operations funds with monies received from tuition and certain federal indirect cost reimbursements, creating an approximate \$1.2 billion pool of funds that it may use to run its operations.

Annually in June or July, the UW Board of Regents approves budget allocations to the 26 campuses in the System based on past allocations, targeted budget initiatives, planned enrollment changes and planned programmatic changes. In 1998-99, UW-Madison's total budget from all fund sources is approximately \$1.3 billion, of which \$525.8 million is derived from GPR and fee revenues.

Governor:

The Governor's budget provides \$5,500,000 GPR and \$5,500,000 PR in 1999-00 and \$9,500,000 GPR and \$9,500,000 PR in 2000-01 and 17.0 GPR positions beginning in 2000-01 to support several initiatives at UW-Madison. All of the funding would be placed in unallotted reserve to be released by the Department of Administration (DOA). Additional funding for these items would be provided using private monies from the UW Foundation and the Wisconsin Alumni Research Foundation.

JFC Action:

The Committee reduced the amount provided for the Madison initiative by \$2,538,500 PR in 1999-00 and \$4,384,600 PR in 2000-01 in order to provide the funding according to the **traditional 65% GPR / 35% PR split**. Under the motion, the Committee provided annual funding of \$5,500,000 GPR and \$2,961,500 PR in 1999-00 and \$9,500,000 GPR and \$5,115,400 PR in 2000-01 to support several initiatives at UW-Madison. **The total amount provided would be reduced from \$30 million over the biennium to approximately \$23.1 million**

The Committee modified the Governor's recommendation by specifying that any portion of the funds used for compensation increases for UW-Madison faculty and academic staff could be used for recruitment and retention purposes and could not be used for solely merit-based increases unless those increases are related to recruitment and retention.

Motion:

The motion restores the Governor's proposal relating to the UW Madison Initiative, which would have students and taxpayers paying equally for tuition. The JFC action would result in taxpayers paying more of the cost of tuition by eliminating \$6.9 million from increased tuition.

Fiscal impact:

The motion would restore \$2,538,500 PR in 1999-00 and \$4,384,600 PR in 2000-01 through tuition increases.

Provision #3

GPR Position Authority

Current Law:

GPR positions can be created or abolished by the Legislature by law or by the Joint Committee on Finance acting under s. 13.10 of the statutes.

Governor:

The Governor's budget permits the Board of Regents to submit a proposal, during the 1999-01 biennium, to the Secretaries of the Department of Administration (DOA) and the Department of Employment Relations (DER) to increase its authorized FTE positions that are funded in whole or in part with GPR. **It provides that the Board could propose an increase of up to 1% above the base level of authorized GPR positions.** It also requires that the proposal include the Board's methodology for accounting for the cost of funding the positions.

JFC Action:

The Committee maintained current law.

Motion:

The motion would approve the Governor's recommendation to permit the Board of Regents to request approval from the Secretaries of DOA and DER in the 1999-01 biennium, to increase the number of positions that are funded in whole or in part with GPR, by 1% above the base level.

Fiscal impact:

None.

Provision #4

Incorporate 1999 Assembly Bill 244 in Biennial Budget

Current Law:

No provision.

Governor:

No provision.

JFC Action:

No provision.

Motion:

Incorporate the provisions of 1999 Assembly Bill 244 relating to education tax credits in the 1999-2001 biennial budget. Specify the provision will take effect July 1, 2001.

1999 Assembly Bill 244 creates a nonrefundable income and franchise tax credit for certain businesses that pay tuition for a student to attend a university, college or technical college if the student is enrolled in a degree-granting program.

The bill specifies that a business may claim as a tax credit 50 percent of tuition expenses. Any unused credit could be carried forward for use in offsetting future income tax liability. Qualified businesses include corporations, insurers, partnerships, limited liability companies, and tax option companies.

Fiscal Impact:

According to the Department of Revenue, it is estimated that Wisconsin employers provide \$24 million in tuition expenses for employees and other scholarships annually. Based on Department of Revenue data, it is estimated 75 percent of the credits claimed in a tax year would be used. Under these assumptions, the fiscal effect of the motion would be to reduce GPR revenue by \$9 million, annually. However, this provision would not take effect until the 2001-2003 biennium.

The Department of Revenue would also require 1.2 FTE positions at a cost of \$49,500 GPR and one-time administrative costs of \$101,600 GPR to implement 1999 Assembly Bill 244.

Provision #5

Incorporate 1999 Assembly Bill 322 in the Biennial Budget

Current Law:

No provision.

Governor:

No provision.

JFC Action:

No provision.

Motion:

Incorporate the provisions of 1999 Assembly Bill 322 relating to social security coverage for students employed at public schools, colleges and universities in the 1999-2001 biennial budget. Specify the provision to take effect on July 1, 2000.

In October 1998, Congress enacted a provision whereby states could modify their existing social security agreements with the federal government to exclude from social security coverage the services performed by students employed by the public school, university or college where they are enrolled and regularly attending classes. To qualify for this provision, a state must enact legislation before July 1, 2000.

1999 Assembly Bill 322 is the legislation the state must enact to exclude from social security coverage those students employed by a college or university who are enrolled and regularly attending classes.

Fiscal Impact:

According to the University of Wisconsin System, the fiscal effect of incorporating 1999 Assembly Bill 322 into the 1999-2001 biennial budget would be to increase GPR savings by \$1,091,800 in savings.

Provision #6

Increase funding for WHEG and TG Grants

Current Law:

The Wisconsin higher education grant (WHEG) program provides need-based grants to resident undergraduates enrolled at UW campuses and Wisconsin Technical College System (WCTS) institutions. The tuition grant (TG) program provides need-based grants to resident undergraduates who attend private, nonprofit post-secondary institutions. Both programs are administered by the Higher Educational Aids Board (HEAB).

Governor:

The Governor's budget recommended increased funding for each of the WHEG programs and the TG program over the prior year by 6 percent, annually.

JFC Action:

The Joint Committee on Finance modified the Governor's recommendation by reducing WHEG and TG funding to increase funding for the talent incentive program (TIP). TIP grants are need-based grants provided to the state's most needy and educationally disadvantaged students as identified by the Wisconsin Educational Opportunity Program.

Specifically, the Committee reduced WHEG grants to UW students by \$570,000, WHEG grants to WTCS students by \$388,600 and TG grants by \$607,700. Each of these reductions reflects the biennial cut.

Motion:

Specify that savings generated through the inclusion of 1999 Assembly 322 in the amendment would be used to increase funding for Wisconsin Higher Education Grants (WHEG) and Tuition Grants (TG). The motion utilizes the \$1,091,800 (GPR) saving to restore \$397,415 in funding over the biennium for WHEG grants to UW students, \$270,766 in funding to WHEG grants for WTCS students, and \$423,618 in funding for TG-eligible students.

Fiscal Effect:

The fiscal effect of this motion would be to reduce GPR saving by \$1,091,800 generated by adopting Provision #5.

1999

Date (time) needed

soon

LRB b 078211

**CAUCUS BUDGET AMENDMENT
[ONLY FOR CAUCUS]**

RAC: King

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**CAUCUS AMENDMENT
TO ASSEMBLY SUBSTITUTE AMENDMENT 1
TO 1999 ASSEMBLY BILL 133**

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

At the locations indicated, amend the substitute amendment as follows:

#. Page *1558*, line *13*: *after that line insert:*

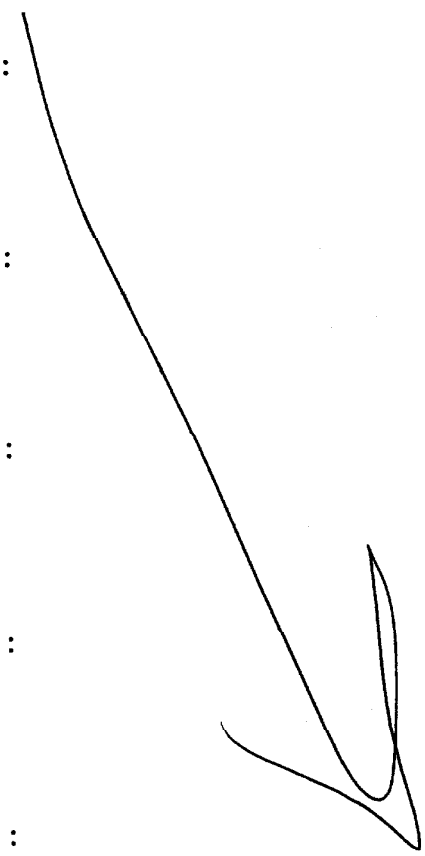
#. Page, line:

#. Page, line:

#. Page, line:

#. Page, line:

#. Page, line:



1 SECTION 9154. Nonstatutory provisions; University of Wisconsin
2 System.

3 (3) cc (1) ^{3t} POSITION AUTHORIZATION.

4 (a) Notwithstanding section 16.505 (1) of the statutes, during the 1999-2001

5 ^{fiscal} biennium, the board of regents of the University of Wisconsin System may propose
6 to increase its authorized FTE positions that are funded, in whole or in part, with
7 general purpose revenues by not more than 1% above the level authorized for the
8 board under section 16.505 (1) of the statutes. The board shall submit any proposal
9 under this subsection to the secretaries of administration and employment relations
10 for approval, together with its methodology for accounting for the cost of funding
11 these positions. The secretaries of administration and employment relations may
12 only approve a proposal if the incremental costs for these positions, as determined
13 by the secretaries of administration and employment relations, are not to be included
14 in any subsequent request submitted by the board under section 16.42 (1) of the
15 statutes. ^{, as affected by this act} If the secretaries of administration and employment relations jointly
16 approve the proposal, the positions are authorized.

17 (b) During the 1999-2001 ^{fiscal} biennium, the board may not include in any
18 certification to the department of administration under section 20.928 (1) of the
19 statutes any sum to pay any costs of a position authorized under this subsection.

20 (c) No later than the last day of the month following completion of each calendar
21 quarter, ^{during the 1999-2001 fiscal biennium.} the board shall report to the secretaries of administration and employment
22 relations concerning the number of authorized positions under this subsection that
23 have been filled by the board during the preceding calendar quarter and the source
24 of funding for each such position. '');

25

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0782/1
RAC:kmg:jf

ARC:.....Sande - Amdt. #1 (3), GPR position authority for UW System

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 1558, line 13: after that line insert:

3 “(3t) POSITION AUTHORIZATION.

4 (a) Notwithstanding section 16.505 (1) of the statutes, during the 1999-2001
5 fiscal biennium, the board of regents of the University of Wisconsin System may
6 propose to increase its authorized FTE positions that are funded, in whole or in part,
7 with general purpose revenues by not more than 1% above the level authorized for
8 the board under section 16.505 (1) of the statutes. The board shall submit any
9 proposal under this subsection to the secretaries of administration and employment
10 relations for approval, together with its methodology for accounting for the cost of

1 funding these positions. The secretaries of administration and employment
2 relations may only approve a proposal if the incremental costs for these positions, as
3 determined by the secretaries of administration and employment relations, are not
4 to be included in any subsequent request submitted by the board under section 16.42
5 (1) of the statutes, as affected by this act. If the secretaries of administration and
6 employment relations jointly approve the proposal, the positions are authorized.

7 (b) During the 1999–2001 fiscal biennium, the board may not include in any
8 certification to the department of administration under section 20.928 (1) of the
9 statutes any sum to pay any costs of a position authorized under this subsection.

10 (c) No later than the last day of the month following completion of each calendar
11 quarter during the 1999–2001 fiscal biennium, the board shall report to the
12 secretaries of administration and employment relations concerning the number of
13 authorized positions under this subsection that have been filled by the board during
14 the preceding calendar quarter and the source of funding for each such position.”.

15 (END)