



Office of the President

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June 20, 2001

Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

George Lightbourn, Secretary
Department of Administration

Dear Senator Burke, Representative Gard and Secretary Lightbourn:

This letter is to request supplemental funding in accordance with s. 13.10 Wis. Stats. to cover the University of Wisconsin System's shortfall in our GPR appropriation for utilities. We estimate this shortfall to total \$11.3 million in 2000-01, \$8.5 million of GPR and \$2.7 million of Fees. As you recall, the UW System also experienced a shortfall in the utilities appropriation in 1999-2000 in the amount of \$1.2 million of which over \$900,000 was GPR. At last year's 13.10 meeting, the committee directed the University to transfer GPR fringe benefit savings to the utility appropriation to resolve the funding shortfall. This year, we estimate that only \$1.0 million may be available from fringe benefit savings to address the problem.

The \$11.3 million utility shortfall has three sources: (1) The UW System's appropriation for utilities has been budgeted at the same level in 1998-99, 1999-2000 and 2000-01. (The UW System had requested a \$3.5 million increase in its utility appropriation related to new GPR space for 2000-01.) (2) At the time of the development of the 1999-2001 biennial budget, it was believed that energy conservation measures would fully offset both rate increases and additional costs associated with servicing additional space. This proved to be an erroneous assumption. (3) Significant increases have occurred in energy costs across the state and the nation.

The attached schedule identifies the projected utility costs by category as compared to the prior year. As shown on the schedule, natural gas costs have increased by \$4.7 million (52%) while coal has increased by \$2.5 million (33%). An additional \$3.4 million increase is expected for fuel oil. Note that since 1985-86, the UW System has contributed \$27.7 million to the state's general fund from utility savings.

In developing this request, I asked my staff to identify any possible funding sources that may be available to resolve the UW System's utility appropriation shortfall. The following possible funding sources were identified:

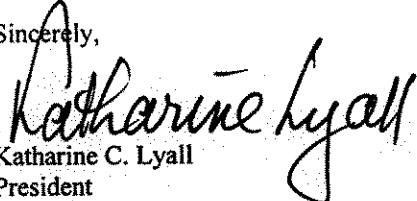
Potential GPR Fringe Benefit Lapse	\$ 1.0 million
GPR Earned from Minnesota Reciprocity and Normal School Interest	\$ 4.0 million
Potential Animal Sciences Lab GPR Lapse	\$ 1.2 million
UW's Allotted Share of WRS Credit for 2000	\$15.5 million
Compensation Reserve	\$ 2.0 million
Department of Corrections Contract Beds Funding	\$10.7 million

Our institutions have taken all of the energy conservations steps outlined in the Governor's January 2001 Executive Order. Failure to fund the \$11.3 million in the 2000-01 UW utility costs would double the base cut already scheduled in the Governor's budget and force reductions in staff, enrollments, and course offerings.

Looking forward, the Governor's budget for 2001-03 provides \$11.8 million of utility funding in the first year and an additional \$9.8 million in the second year of the biennium. We are concerned that even this new funding may not be sufficient to meet our future utility needs as it represents inflationary costs to existing space and assumes that we do not experience repeated rate increases.

Thank you for your consideration of this request. If you have questions, please call Associate Vice President Doug Hendrix.

Sincerely,


Katharine C. Lyall
President

Enclosure

Cc: Vice President Durcan
Regent President Smith
Regent Vice President Randall
Regent Marcovich
Chancellors
Chief Business Officers
Associate Vice President Sell
Associate Vice President Hendrix
Assistant Vice President Harris
Assistant Vice President Ives
Bob Lang, Legislative Fiscal Bureau
John Stott, Legislative Fiscal Bureau
Bob Hanle, DOA
Dan Caucutt, DOA

University of Wisconsin System
 Energy Costs: Appropriation 20.285(1)(c)
 1999-2000 Actual and 2000-2001 Estimate

Expenditures:	1999-2000	2000-2001	2000-2001	Pct change
	Final	Year-to-date	Est. final	FY0 vs. FY1 est.
Electricity	26,516,374	25,928,378	27,678,956	4.38%
Gas	8,998,101	12,792,484	13,656,180	51.77%
Heating-Steam, Hot Water or Air	1,114,251	1,478,012	1,577,801	41.60%
Water & Sewage Service	4,995,545	4,908,331	4,908,331	-1.75%
Coal	7,577,477	8,747,481	10,078,905	33.01%
Fuel Oil-Heating	141,524	3,286,628	3,508,528	2379.10%
Heating Fuels-Other	654,841	606,286	647,220	-1.16%
Wisconsin Energy Initiative loan repayment	500,000	500,000	500,000	0.00%
WEI-3 payments	550,928	1,210,214	1,210,214	119.67%
Other	706,231	477,375	477,375	-32.41%
Total Expenditures	51,755,272	59,935,190	64,243,510	24.13%
Less Sales Credits	(8,342,382)	(9,874,675)	(10,353,217)	24.10%
Net 109 Expenditures	43,412,890	50,060,515	53,890,293	24.13%
Plus: Ending Encumbrances	352,470	0	0	
Total	43,765,360	50,060,515	53,890,293	23.13%
Shortfall (FY0 actual, FY1 estimate):				
Net expenditures and encumbrances	43,765,360		53,890,293	
Allotment	42,519,028		42,619,470	
Estimated net shortfall	(1,246,332)		(11,270,823)	
Fee share of shortfall (24.17%)	(301,238)		(2,724,158)	
GPR share of shortfall	(945,094)		(8,546,665)	



Vice President for Finance

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June 20, 2001

The Honorable Brian Burke, Chair
Joint Committee on Finance
316 South Capital
Madison, WI. 53702

The Honorable John Gard, Chair
Joint Committee on Finance
315 North Capital
Madison, WI. 53702

Dear Senator Burke and Representative Gard:

RE: Approval to transfer 1/2 the proceeds from the sale of land at UW Superior to the UW System.

On September 13, 2000 the Building Commission approved the sale of 1.7 acres of land at UW Superior to the School District of Superior. The \$9,900.00 received from the sale was deposited to the State Building Trust Fund. Pursuant to s. 13.101(13)(b), the UW System requests a transfer of \$4,950.00 to the appropriation under s 20.285 (1)(iz).

The land sale to the School District of Superior will allow the School District to extend Lamborn Avenue and access new school facilities. The School District will deed the new street to the city of Superior so it can be operated and maintained by the city of Superior. The extension of Lamborn Avenue will provide an east access to UW Superior lands and improve the future use of the university's property. Funds returned to the university will be used to further the campus beautification project.

Under s. 13.101(13)(b), if the land was used by a single agency, the agency may request a transfer of up to 50% of the net proceeds. The UW System is therefore requesting the approval of the Joint Committee on Finance to transfer to the UW System one half of the net proceeds from the sale of land at UW Superior.

Sincerely,

Deborah A. Durcan
Vice President for Finance
University of Wisconsin System

cc: President Lyall
Chancellor Erlenbach
Vice Presidents
Kathi Sell
Jan Hanson

DOA Secretary Lightbourn
Bob Lang, Legislative Fiscal Bureau
Bob Hanle, DOA
Dan Caucutt, DOA
John Stott, Legislative Fiscal Bureau



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 2001

TO: Senator Brian Burke, Senate Chair
Representative John Gard, Assembly Chair
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Section 13.10 Items

The purpose of this memorandum is to bring two items to your attention that require action by the Joint Committee on Finance under s. 13.10 of the statutes.

Elementary and Secondary School Aids. Under s. 121.15(3m)(c), annually, by June 30, the Committee is required to determine the amount to be appropriated as general school aid for the following school year. Two years ago, because of the timing of the state's budget, the Committee waited until September to set the amount for 1999-00. Given the fact that the 2001-03 budget is not yet resolved, the Committee may wish to delay its action on this item for the 2001-02 school year until a later date.

UW Hospitals and Clinics Authority. Under s. 13.094(1), the Committee is required, every five years, to review the lease agreements between the University of Wisconsin and the UW Hospitals and Clinic Authority. The first review is to be conducted by June 29, 2001.

As a part of this provision, the Legislative Audit Bureau is required to conduct a performance evaluation of the Authority. This audit was completed and distributed on June 21. The Joint Legislative Audit Committee has scheduled a meeting to review the audit on June 28. This item can then be placed on the Finance Committee's agenda for its next meeting under s. 13.10

If you have questions regarding either of these items, please contact me.

BL/sas

cc: Members, Joint Committee on Finance

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
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WISCONSIN DEPARTMENT OF
ADMINISTRATION

June 29, 2001

The Honorable Brian Burke, Co-Chair
Joint Committee on Finance
317 East, State Capitol
Madison, WI 53702

The Honorable John Gard, Co-Chair
Joint Committee on Finance
308 East, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

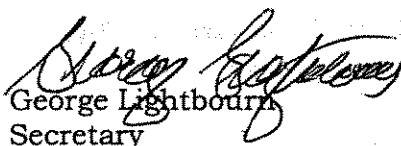
Attached is our report as required under s. 16.50, Wisconsin Statutes, on the number of federally funded positions approved during the January 1 to March 31, 2001 quarter. Also shown are changes in positions approved by the UW-System and by the Legislature during the same period. There were 71.25 federal positions approved in the quarter and 4.05 deletions for a net increase of 67.20 FTE.

Of the new federal positions created, the University of Wisconsin received 56.75 FTE, the Department of Health and Family Services received 5.50 FTE, the Department of Workforce Development received 3.0 FTE and Department of Natural Resources received 1.0 FTE.

Also attached is our report on the surplus positions created for the same quarter.

We would be happy to answer any questions you may have on these reports.

Sincerely,


George Lightbourn
Secretary

Attachments (2)

REPORT ON SURPLUS POSITIONS AUTHORIZED
 JANUARY 1 TO MARCH 31, 2001

Agency	C Unclassified Service Leaves	D, E Medical, Education or Personal Leaves	A, B, I, X Double-filled Positions	Reason for Double-fill
Administration				
GPR	-3.0	-2.0		
PR	+4.5	+1.0		Leave of Absence
Agriculture				
GPR	+1.0			Leave to the unclassified service
PR			-1.0	
Commerce				
GPR		-1.0		
PR			+1.0	Training
Corrections				
GPR			+8.0; -3.0	Sabbatical; Medical Leave
PR			-2.0	
District Attorneys				
GPR		+1.0; -3.0		Leave of Absence
Employment Relations				
GPR	+5.0			Leave to the unclassified service
Health and Family Services				
GPR	+2.0		+9.0	
PR	+1.0		+3.0	
FED			+3.0	
Justice				
GPR	-1.0	+2.67; -1.0		
PR		+1.33	+1.0	Leave of Absence

REPORT ON SURPLUS POSITIONS AUTHORIZED
 JANUARY 1 TO MARCH 31, 2001

AGENCY	C Unclassified Service Leaves	D, E Medical, Education or Personal Leaves	A, B, I, X Double-filled Positions	Reason for Double-fill
Natural Resources FED			+1.0	Training
State Historical Society GPR	+1.0		+1.0	Leave of absence to the unclassified service; training
Transportation SEG			+32.0; -1.0	Training
Treasurer PR				
Veteran's Affairs PR			+2.0	Medical leave

Pool Code Types

- A= Understudy, 3 months or longer.
- B= Overlap replacement, less than 3 months for on-the-job training.
- C= Leave of absence replacement. Temporary hire during permanent employee's authorized leave to unclassified service.
- D= Leave-of-absence designation when permanent employee's authorized leave is less than 12 months.
- E= Leave-of-absence replacement. Temporary hire during permanent employee's authorized leave which is expected to last more than 12 months.
- I= Extended illness or worker's compensation (employee using accumulated sick leave or being paid through worker's compensation).
- X= DCA approved hire in anticipation of attrition (high turnover positions).

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 TO MARCH 31, 2001

Agency	Budgeted Positions for FY01 12/31/2000		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.		Totals as of 03/31/2001
			Adds	Deletes	Adds	Deletes	Adds	Deletes	
Administration	1,127.68								1,127.68
GPR	173.11								173.11
PRO/PRS	873.46								873.46
Federal	69.41								69.41
SEG	11.70								11.70
Adolescent Pregnancy Prevention and Pregnancy Services Board									
GPR	1.50								1.50
	1.50								1.50
Aging and Long-Term Care									
GPR	27.90								28.90
PRO/PRS	10.65								10.65
	17.25		1.00						18.25
Agriculture, Trade & Consumer Protection									
GPR	734.16								735.16
PRO/PRS	292.61								292.61
Federal	298.97								298.97
SEG	68.33								69.33
	74.25		1.00						74.25
Arts Board									
GPR	12.75								12.75
PRO/PRS	5.00								5.00
Federal	1.75								1.75
	6.00								6.00
Child Abuse & Neglect Prevention Board									
PRO/PRS	4.00								4.00
	4.00								4.00
Circuit Court									
GPR	509.00								509.00
	509.00								509.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 TO MARCH 31, 2001

Agency	Budgeted Positions for FY01 12/31/2000		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.		Totals as of 03/31/2001
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Commerce	509.55								509.55
GPR	80.40								80.40
PRO/PRS	301.25								301.25
Federal	29.20								29.20
SEG	98.70								98.70
Corrections	9,118.47								9,119.47
GPR	7,661.32								7,661.32
PRO/PRS	1,453.15		1.00						1,454.15
FED	4.00								4.00
Court of Appeals	75.50								75.50
GPR	75.50								75.50
District Attorneys	409.05								410.05
GPR	375.60								375.60
PRO/PRS	33.45		1.00						34.45
Educational Communications Board	94.50								94.50
GPR	61.75								61.75
PRO	32.75								32.75
Elections Board	13.00								13.00
GPR	13.00								13.00
Employe Trust Funds	203.85								203.85
GPR	3.50								3.50
SEG	200.35								200.35
Employment Relations Commission	31.50								31.50
GPR	28.50								28.50
PR	3.00								3.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 TO MARCH 31, 2001

Agency	Budgeted Positions for FY01 12/31/2000		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.		Totals as of 03/31/2001
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Employment Relations Department									
GPR	86.00								86.00
PRO/PRS	80.05								80.05
	5.95								5.95
Ethics Board									
GPR	6.50								6.50
PRO/PRS	3.00								3.00
	3.50								3.50
Financial Institutions									
PR	168.50								168.50
	168.50								168.50
Governor's Office									
GPR	48.05								48.05
	48.05								48.05
Health and Family Services									
GPR	6,356.36								6,361.86
PRO/PRS	1,900.05								1,900.05
Federal	3,414.85								3,414.85
SEG	1,033.46								1,038.96
	8.00								8.00
Higher Educational Aids Board									
GPR	13.00								13.00
PR	12.36								12.36
SEG	0.00								0.00
FED	0.64								0.64
	0.00								0.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 TO MARCH 31, 2001

Agency	Budgeted Positions for FY01 12/31/2000		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.		Totals as of 03/31/2001
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Historical Society	181.73								181.73
GPR	144.75								144.75
PRO/PRS	26.13								26.13
Federal	7.60								7.60
SEG	3.25								3.25
Insurance	134.00								134.00
PRO	120.25								120.25
SEG	13.75								13.75
Investment Board	104.50								104.50
PRO	104.50								104.50
Judicial Commission	2.00								2.00
GPR	2.00								2.00
Justice	575.90								575.90
GPR	412.40								412.40
PRO/PRS	137.25								137.25
Federal	23.50								23.50
SEG	2.75								2.75
Legislature	832.97								832.97
Legislators - GPR	132.00								132.00
Assembly Staff - GPR	253.50								253.50
Senate Staff - GPR	194.50								194.50
Legislative Technology Services- GPR	24.00								24.00
Retirement Committee - GPR	3.00								3.00
Revisor of Statutes - GPR	11.00								11.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 TO MARCH 31, 2001

Agency	Budgeted Positions for FY01 12/31/2000		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.		Totals as of 03/31/2001
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Legislative Reference Bureau - GPR	58.00								58.00
Legislative Audit Bureau	86.80								86.80
GPR	67.00								67.00
PRS	19.80								19.80
Legislative Fiscal Bureau - GPR	35.00								35.00
Legislative Council - GPR	35.17								35.17
Lieutenant Governor's Office	7.75								7.75
GPR	7.75								7.75
Lower Wisconsin State Riverway Board	2.00								2.00
SEG	2.00								2.00
Military Affairs	386.53								386.53
GPR	121.65								121.65
PRO/PRS	28.60								28.60
Federal	236.28								236.28
Natural Resources	2,976.27								2,977.27
GPR	512.78								512.78
PRO/PRS	276.14								276.14
Federal	473.46								474.46
SEG	1,713.89								1,713.89
Personnel Commission	10.00								10.00
GPR	10.00								10.00
Public Defender	527.55								527.55
GPR	523.55								523.55
PRO/PRS	4.00								4.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 TO MARCH 31, 2001

Agency	Budgeted Positions for FY01 12/31/2000		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.		Totals as of 03/31/2001
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Public Instruction	645.80								646.80
GPR	334.37								334.37
PRO/PRS	78.42		1.00						79.42
Federal	233.01		1.00	-1.00					233.01
Public Lands	11.00								11.00
PR	11.00								11.00
Public Service Commission	192.50								192.50
PRO/PRS	191.50								191.50
Federal	1.00								1.00
Regulation and Licensing	137.50								137.50
PRO	137.50								137.50
Revenue	1,306.20								1,306.20
GPR	1,095.25								1,095.25
PRO/PRS	76.95								76.95
Federal	0.00								0.00
SEG	134.00								134.00
Secretary of State	8.50								8.50
PRO	8.50								8.50
State Fair Park Board	51.20								51.20
PRO	51.20								51.20
State Treasurer	19.50								19.50
GPR	1.00								1.00
PRO/PRS	16.50								16.50
SEG	2.00								2.00

REPORT ON POSITIONS AUTHORIZED - JANUARY 1 TO MARCH 31, 2001

Agency	Budgeted Positions for FY01 12/31/2000		Approved Under s. 16.50		UW Approved		JFC or Misc. Leg.		Totals as of 03/31/2001
	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
Supreme Court	196.50								196.50
GPR	111.50								111.50
PRO/PRS	79.00								79.00
SEG	5.00								5.00
FED	1.00								1.00
TEACH									
GPR	7.00								6.00
FED	6.00								6.00
	1.00								0.00
Transportation									
PRO/PRS	3,916.95								3,919.95
Federal	16.00								16.00
SEG	954.57		3.00						957.57
	2,946.38								2,946.38
Tourism									
GPR	62.25								62.25
PR	58.25								58.25
SEG	1.00								1.00
	3.00								3.00
University of Wisconsin									
GPR	28,567.91								28,642.90
PRO/PRS	18,326.94								18,326.94
Federal	6,468.52				22.29	-1.00			6,489.81
SEG	3,665.27				56.75	-3.05			3,718.97
	107.18								107.18
U.W. Hospitals & Clinic Board									
PR	1,556.71								1,556.71
	1,556.71								1,556.71
Veterans Affairs									
GPR	905.30								905.30
PRO/PRS	8.80								8.80
SEG	744.24								744.24
	146.76								146.76

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	Adds	Deletes	Adds	Deletes	Adds	Deletes	Adds	Deletes	
FED	5.50								5.50
Wisconsin Technical College System									
GPR	82.05								82.05
PRO/PRS	39.40								39.40
Federal	12.00								12.00
	30.65								30.65
Workforce Development									
GPR	2,468.70								2,494.70
PRO/PRS	301.17		23.00						301.17
Federal	704.32		3.00						727.32
SEG	1,455.71								1,458.71
	7.50								7.50
TOTALS	65,426.59		41.50		-1.00		-4.05		65,542.08
GPR	34,165.68		0.00		0.00		0.00		34,165.68
PRO/PRS	17,481.86		27.00		0.00		-1.00		17,530.15
Federal	8,297.95		14.50		-1.00		-3.05		8,365.15
SEG	5,481.10		0.00		0.00		0.00		5,481.10



DISTRICT 1199W/UNITED PROFESSIONALS FOR QUALITY HEALTH CARE
Affiliated with Service Employees International Union, AFL-CIO, CLC

2001 W. BELTLINE HIGHWAY, SUITE 201
MADISON, WISCONSIN 53713-2366
(608) 277-1199 FAX (608) 270-2025 TOLL FREE (888) 285-1199

UNITED PROFESSIONALS, LEADING THE WAY TO QUALITY HEALTH CARE

August 10, 2001

State Senator Brian Burke
317 East, State Capitol
P. O. Box 7882
Madison, WI 53707-7882

State Representative John Gard
308 East, State Capitol
P. O. Box 8952
Madison, WI 53708-8952

Dear Senator Burke and Representative Gard:

As you know, under Wis. Stat. § 13.094, the Joint Finance Committee must conduct a review of the UW Hospital and Clinics Authority this year. As part of this review, we request that you conduct a public hearing.

The recently released audit by the Legislative Audit Bureau identified that the recruitment and retention of nursing staff for UW Hospital remains a major problem. You may also have seen news accounts last week that the hospital was forced to turn away patients because of its failure to adequately recruit and retain nurses. Because of the importance of the UW Hospital to Wisconsin citizens, we urge the Joint Finance Committee to hold a public hearing on this matter at its earliest possible convenience.

Thank you in advance for your consideration of this request.

Sincerely,

LeNore J. Wilson
Executive Director

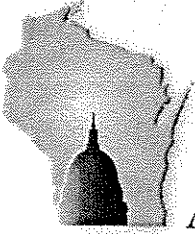
Cc: Bonnie Strauss, Staff Representative/Organizer

XV. University of Wisconsin System – Deborah Durcan, Vice President for Finance

The system requests the transfer of one-half of the net proceeds from the sale of 1.7 acres of land at the University of Wisconsin-Superior in accordance with s. 13.101(13)(b). Funds returned to the system will be used to further the campus beautification project. Proceeds from the sale totaled \$9,900 and have been remitted to the Department of Administration to be credited to the general operations receipts appropriation under s. 20.285(1)(iz).

Governor's Recommendation

Approve the request.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

XV

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Date: June 29, 2001

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration

Subject: Section 13.10 Request from the University of Wisconsin (UW) System for Approval to Transfer Fifty Percent of the Proceeds from the Sale of Land at UW-Superior to the UW System

Request

The system requests the transfer of one-half of the net proceeds from the sale of 1.7 acres of land at the University of Wisconsin-Superior in accordance with s. 13.101(13)(b). Funds returned to the system will be used to further the campus beautification project. Proceeds from the sale totaled \$9,900 and have been remitted to the Department of Administration to be credited to the general operations receipts appropriation under s. 20.285(1)(iz).

Background

On September 13, 2000 the Building Commission approved the sale of 1.7 acres of land at UW-Superior to the School District of Superior. The district plans to extend Lamborn Avenue and deed the new street to the City of Superior. This will provide an east access to UW-Superior lands, improving future use of the property. The system's requested 50 percent share, or \$4,950, of the proceeds will be used for the campus beautification program.

The system's request complies with state statute and appears reasonable. Approving this request would be consistent with actions the Committee has taken in the past, most recently in April 1999, related to the sale of property by UW-Madison.

Analysis

Section 13.101(13)(b) allows for the transfer of not more than one-half of the proceeds of the sale of land to any appropriation account, other than a sum

Members, Joint Committee on Finance

Page 2

June 29, 2001

sufficient account, of an agency, provided that the land was used by that single agency. Until its sale, only UW-Superior utilized the land.

Recommendation

Approve the request.

Prepared by: Jennifer Siegel
266-2843



Vice President for Finance

1752 Van Hise Hall
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(608) 262-1311
(608) 262-3985 Fax
website: <http://www.uwsa.edu>

June 20, 2001

The Honorable Brian Burke, Chair
Joint Committee on Finance
316 South Capital
Madison, WI. 53702

The Honorable John Gard, Chair
Joint Committee on Finance
315 North Capital
Madison, WI. 53702

Dear Senator Burke and Representative Gard:

RE: Approval to transfer 1/2 the proceeds from the sale of land at UW Superior to the UW System.

On September 13, 2000 the Building Commission approved the sale of 1.7 acres of land at UW Superior to the School District of Superior. The \$9,900.00 received from the sale was deposited to the State Building Trust Fund. Pursuant to s. 13.101(13)(b), the UW System requests a transfer of \$4,950.00 to the appropriation under s 20.285 (1)(iz).

The land sale to the School District of Superior will allow the School District to extend Lamborn Avenue and access new school facilities. The School District will deed the new street to the city of Superior so it can be operated and maintained by the city of Superior. The extension of Lamborn Avenue will provide an east access to UW Superior lands and improve the future use of the university's property. Funds returned to the university will be used to further the campus beautification project.

Under s. 13.101(13)(b), if the land was used by a single agency, the agency may request a transfer of up to 50% of the net proceeds. The UW System is therefore requesting the approval of the Joint Committee on Finance to transfer to the UW System one half of the net proceeds from the sale of land at UW Superior.

Sincerely,

Deborah A. Durcan
Vice President for Finance
University of Wisconsin System

cc: President Lyall
Chancellor Erlenbach
Vice Presidents
Kathi Sell
Jan Hanson

DOA Secretary Lightbourn
Bob Lang, Legislative Fiscal Bureau
Bob Hanle, DOA
Dan Caucutt, DOA
John Stott, Legislative Fiscal Bureau

XVI. University of Wisconsin System – Deborah A. Durcan, Vice President for Finance

The system requests a supplement of \$8,546,665 GPR from the Committee's appropriation under s. 20.865(4)(a) to the system's energy costs appropriation under s. 20.285(1)(c), to cover a budget shortfall in fiscal year 2000-01.

Governor's Recommendation

Approve 50 percent, or \$4,273,333 GPR, of the request. It will be UW System's responsibility to identify other resources from within its own budget to address the remaining shortfall.

**WISCONSIN DEPARTMENT OF
ADMINISTRATION**SCOTT McCALLUM
GOVERNORGEORGE LIGHTBOURN
SECRETARYOffice of the Secretary
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Madison, WI 53707-7864
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TTY (608) 267-9629

Date: June 29, 2001

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration *George Lightbourn*

Subject: Section 13.10 Request from the University of Wisconsin (UW) System for \$8,546,665 in Supplemental GPR in Fiscal Year 2000-01

Request

The system requests a supplement of \$8,546,665 GPR from the Committee's appropriation under s. 20.865(4)(a) to the system's energy costs appropriation under s. 20.285(1)(c), to cover a budget shortfall in fiscal year 2000-01.

Background

The UW System uses its energy costs appropriation under s. 20.285(1)(c) to pay for utilities, fuel, heat and air conditioning; operating costs resulting from the installation of pollution abatement equipment in state-owned or operated heating, cooling or power plants; and to repay energy efficiency fund loans made to the Board of Regents under s. 16.847(6).

UW System provided information in its 1999-01 biennial budget request that anticipated higher fuel and utility expenditures as a result of inflation and new facilities coming on line. However, the Department of Administration (DOA) did not increase the system's appropriation based on estimates at the time suggesting energy conservation measures would produce sufficient savings to offset additional costs.

As with other general program activities within UW System, energy costs are funded by both GPR and tuition revenue. The system determines the percentage of fuel and utilities funded by tuition revenue based on the amount of space used in each facility for instructional, research and public service activities. According to UW System, fuel and utilities costs for instructional activities are generally funded according to the traditional 65 percent GPR/35 percent tuition split. Fuel and utilities costs related to public service activities are 100 percent GPR funded, while research costs are paid primarily by a combination of GPR and federal

indirect funds. As a result, when all fuel and utilities costs are considered, the overall split is 74.83 percent GPR/24.17 percent PR.

Due to a variety of factors, primarily the increase in fuel prices and the addition of new space, UW System will not have sufficient funds to cover energy costs in fiscal year 2001. System has identified a total shortfall of \$11,270,823. Based on the traditional fuel and utilities revenue split, the system is requesting that \$8,546,665 be funded by GPR while the remaining \$2,724,158 will be supported by tuition revenue.

Analysis

System Administration identified three factors contributing to this budget shortfall:

1. The energy costs appropriation has not increased over the past three fiscal years despite additional building space coming on line.
2. Energy conservation measures did not offset the fuel and utilities cost increases resulting from the additional building space as predicted.
3. Energy prices across the country increased significantly over the past year.

Staff from DOA's Division of Facilities Development (DFD) concurs with UW System on the cause of the budget shortfall. The costs for natural gas and coal rose considerably over the past year. Most substantially, however, was the rise in fuel oil costs. UW System projects the final expenditures for fuel oil to be nearly 2400 percent over fiscal year 2000. DFD suggests that the shortfall would have been greater had energy improvement projects not been implemented.

Since the budget shortfall appears to be the result of factors largely beyond the system's control, the request for additional GPR funds does not seem unreasonable. However, the Committee has extremely limited resources to address such a large request and the shortfall comes during biennial budget development, when most available lapsing funds have been counted toward balancing the 2001-03 biennial budget. Given the size of UW System's overall budget and the level of control it has over allocating funds, it is not unreasonable to require the system to fund a portion of the fuel and utilities shortfall from within its own budget.

Recommendation

Approve 50 percent, or \$4,273,333 GPR, of the request. It will be UW System's responsibility to identify other resources from within its own budget to address the remaining shortfall.

Members, Joint Committee on Finance
Page 3
June 29, 2001

Prepared by: Jennifer Siegel
266-2843



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June 20, 2001

Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

George Lightbourn, Secretary
Department of Administration

Dear Senator Burke, Representative Gard and Secretary Lightbourn:

This letter is to request supplemental funding in accordance with s. 13.10 Wis. Stats. to cover the University of Wisconsin System's shortfall in our GPR appropriation for utilities. We estimate this shortfall to total \$11.3 million in 2000-01, \$8.5 million of GPR and \$2.7 million of Fees. As you recall, the UW System also experienced a shortfall in the utilities appropriation in 1999-2000 in the amount of \$1.2 million of which over \$900,000 was GPR. At last year's 13.10 meeting, the committee directed the University to transfer GPR fringe benefit savings to the utility appropriation to resolve the funding shortfall. This year, we estimate that only \$1.0 million may be available from fringe benefit savings to address the problem.

The \$11.3 million utility shortfall has three sources: (1) The UW System's appropriation for utilities has been budgeted at the same level in 1998-99, 1999-2000 and 2000-01. (The UW System had requested a \$3.5 million increase in its utility appropriation related to new GPR space for 2000-01.) (2) At the time of the development of the 1999-2001 biennial budget, it was believed that energy conservation measures would fully offset both rate increases and additional costs associated with servicing additional space. This proved to be an erroneous assumption. (3) Significant increases have occurred in energy costs across the state and the nation.

The attached schedule identifies the projected utility costs by category as compared to the prior year. As shown on the schedule, natural gas costs have increased by \$4.7 million (52%) while coal has increased by \$2.5 million (33%). An additional \$3.4 million increase is expected for fuel oil. Note that since 1985-86, the UW System has contributed \$27.7 million to the state's general fund from utility savings.

In developing this request, I asked my staff to identify any possible funding sources that may be available to resolve the UW System's utility appropriation shortfall. The following possible funding sources were identified:


Potential GPR Fringe Benefit Lapse	\$ 1.0 million
GPR Earned from Minnesota Reciprocity and Normal School Interest	\$ 4.0 million
Potential Animal Sciences Lab GPR Lapse	\$ 1.2 million
UW's Allotted Share of WRS Credit for 2000	\$15.5 million
Compensation Reserve	\$ 2.0 million
Department of Corrections Contract Beds Funding	\$10.7 million

Our institutions have taken all of the energy conservations steps outlined in the Governor's January 2001 Executive Order. Failure to fund the \$11.3 million in the 2000-01 UW utility costs would double the base cut already scheduled in the Governor's budget and force reductions in staff, enrollments, and course offerings.

Looking forward, the Governor's budget for 2001-03 provides \$11.8 million of utility funding in the first year and an additional \$9.8 million in the second year of the biennium. We are concerned that even this new funding may not be sufficient to meet our future utility needs as it represents inflationary costs to existing space and assumes that we do not experience repeated rate increases.

Thank you for your consideration of this request. If you have questions, please call Associate Vice President Doug Hendrix.

Sincerely,


Katharine C. Lyall
President

Enclosure

Cc: Vice President Durcan
Regent President Smith
Regent Vice President Randall
Regent Marcovich
Chancellors
Chief Business Officers
Associate Vice President Sell
Associate Vice President Hendrix
Assistant Vice President Harris
Assistant Vice President Ives

Bob Lang, Legislative Fiscal Bureau
John Stott, Legislative Fiscal Bureau
Bob Hanle, DOA
Dan Caucutt, DOA

University of Wisconsin System
 Energy Costs: Appropriation 20.285(1)(c)
 1999-2000 Actual and 2000-2001 Estimate

Expenditures:	1999-2000	2000-2001	2000-2001	Pct change FY0 vs. FY1 est.
	<u>Final</u>	<u>Year-to-date</u>	<u>Est. final</u>	
Electricity	26,516,374	25,928,378	27,678,956	4.38%
Gas	8,998,101	12,792,484	13,656,180	51.77%
Heating-Steam, Hot Water or Air	1,114,251	1,478,012	1,577,801	41.60%
Water & Sewage Service	4,995,545	4,908,331	4,908,331	-1.75%
Coal	7,577,477	8,747,481	10,078,905	33.01%
Fuel Oil-Heating	141,524	3,286,628	3,508,528	2379.10%
Heating Fuels-Other	654,841	606,286	647,220	-1.16%
Wisconsin Energy Initiative loan repayment	500,000	500,000	500,000	0.00%
WEI-3 payments	550,928	1,210,214	1,210,214	119.67%
Other	706,231	477,375	477,375	-32.41%
Total Expenditures	51,755,272	59,935,190	64,243,510	24.13%
Less Sales Credits				
Net 109 Expenditures	(8,342,382)	(9,874,675)	(10,353,217)	24.10%
Plus: Ending Encumbrances	43,412,890	50,060,515	53,890,293	24.13%
Total	352,470	0	0	
	43,765,360	50,060,515	53,890,293	23.13%
Shortfall (FY0 actual, FY1 estimate):				
Net expenditures and encumbrances	43,765,360		53,890,293	
Allotment	42,519,028		42,619,470	
Estimated net shortfall	(1,246,332)		(11,270,823)	
Fee share of shortfall (24.17%)	(301,238)		(2,724,158)	
GPR share of shortfall	(945,094)		(8,546,665)	

XVII. University of Wisconsin Hospital and Clinics Authority – Donna Sollenberger, Chief Executive Officer

The Joint Committee on Finance will review the University of Wisconsin Hospital and Clinic Authority's lease agreements as required under s. 13.094 of the statutes.

Governor's Recommendation

Renew the University of Wisconsin Hospital and Clinic Authority's lease agreements.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 5, 2001

TO: Members,
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: University of Wisconsin System: Section 13.10 Request for Supplemental Funds --
Agenda Item XVI

REQUEST

In a letter dated May 2, 2001, the University of Wisconsin (UW) System requested a supplement from the Committee's appropriation to cover an anticipated \$11.5 million shortfall in 2000-01 in the University's appropriation for energy costs. The additional funds needed would consist of \$8.7 million GPR and \$2.8 million PR derived from tuition. However, the most recent information available from the UW System projects that the shortfall will be \$11,216,700, consisting of \$8,505,600 GPR and \$2,711,100 PR.

BACKGROUND

The UW System's fuel and utilities expenditures are funded with a combination of GPR and tuition revenues. Currently, the GPR component is equal to 75.83% of the total costs while tuition comprises 24.17%. The percentage allocated to tuition revenues is based on a calculation of the portion of University facilities related to instruction. Because the appropriation for tuition and fee revenues is continuing, the University does not require additional PR expenditure authority.

In 1998-99, \$42,267,000 GPR was appropriated to the UW System for expenses related to fuel, utilities, heating and air conditioning. As part of the 1999-01 budget process, initial estimates by the administration were that energy costs would actually decrease during the 1999-01 biennium. Therefore, the 1999-01 budget act did not increase the appropriation for fuel and utilities, and funding for the UW System's energy costs was maintained at the 1998-99 base level of \$42,267,000 GPR annually. Including approximately \$352,470 in encumbrances carried forward from 1999-00,

a total of \$42,619,470 GPR was available for energy costs in 2000-01. Despite projections of lower fuel and utility costs during the 1999-01 biennium, the UW System experienced a shortfall in the fuel and utility appropriation during both years of the biennium, with a shortfall of \$1,234,200 in 1999-00.

ANALYSIS

The current estimated shortfall in the UW System's appropriation for energy costs for 2000-01 is based on actual costs billed through the end of June. Table 1 shows the systemwide total 1999-00 energy costs, estimated total costs for 2000-01 and the amount and percentage of the estimated increase or decrease from 1999-00. As shown in the table, total energy costs for 2000-01, are estimated at \$53,836,103. This represents an average increase of 23.0% systemwide over prior year expenditures and encumbrances.

TABLE 1
Utility Costs at the University of Wisconsin System

<u>Utility/Expenditure</u>	<u>1999-00</u>	<u>2000-01</u>	<u>Change</u>	
			<u>Amount</u>	<u>Percent</u>
Electricity	\$26,516,374	\$28,095,211	\$1,578,837	6.0%
Gas	8,998,101	13,927,642	4,929,541	54.8
Heating Steam	1,114,251	1,565,111	450,860	40.5
Water & Sewer	4,995,545	5,002,706	7,161	0.1
Coal	7,577,477	9,616,561	2,039,084	26.9
Fuel Oil-Heating	141,524	3,322,282	3,180,758	2,247.5
Heating Fuels-Other	654,841	676,131	21,290	3.3
Other	<u>1,757,159</u>	<u>2,351,028</u>	<u>593,869</u>	<u>33.8</u>
Total Expenditures	\$51,755,272	\$64,556,671	\$12,801,399	24.7%
Less: Sales Credits	-8,342,382	-10,720,568	-2,378,186	--
Ending Encumbrances	352,470	0	-352,470	--
TOTAL	\$43,765,360	\$53,836,103	\$10,070,743	23.0%

Table 2 shows the total 1999-00 energy costs for each campus and for UW-Extension and System Administration, as well as the estimated total costs for 2000-01 and the amount and percentage of the estimated increase or decrease from 1999-00. As shown in the table, the estimated change in expenditures for individual institutions ranges from -6.7% at UW-Whitewater to 42.4% among UW-Colleges. The range of fuel and utility expenditure increases among campuses occurs because some campuses have the flexibility to switch from higher cost heating

fuels to less expensive alternatives. For example, campuses with system-owned power or heat generating plants switched to lower cost fuel oil or coal from higher priced fuels such as natural gas or had negotiated favorable commodity prices prior to the winter and subsequent commodity price increases.

TABLE 2

UW System Estimated GPR Energy Costs 2000-01

<u>Campus</u>	<u>Actual Costs 1999-00</u>	<u>Estimated Costs 2000-01</u>	<u>Estimated 2000-01 Chg. From 1999-00</u>	<u>% Change</u>
Madison	\$23,661,437	\$29,189,782	\$5,528,345	23.4%
Milwaukee	5,028,090	6,832,965	1,804,875	35.9
Eau Claire	1,499,652	1,821,340	321,688	21.5
Green Bay	905,635	1,252,748	347,113	38.3
LaCrosse	1,154,494	1,371,505	217,011	18.8
Oshkosh	1,244,576	1,327,753	83,177	6.7
Parkside	1,239,030	1,543,324	304,294	24.6
Platteville	952,936	1,338,260	385,324	40.4
River Falls	1,113,562	1,357,661	244,099	21.9
Stevens Point	1,383,188	1,610,469	227,281	16.4
Stout	1,267,223	1,351,792	84,569	6.7
Superior	841,989	939,044	97,055	11.5
Whitewater	1,069,848	998,591	(71,257)	-6.7
Colleges	1,879,484	2,676,666	797,182	42.4
Extension	121,997	168,357	46,360	38.0
System Administration	<u>49,749</u>	<u>55,847</u>	<u>6,098</u>	12.3
System Total	\$43,412,890	\$53,836,104	\$10,423,214	24.0%

UW institutions reported a variety of factors contributing to the projected increase in energy costs in 2000-01. Of the total utility expenditures, some \$6.3 million is attributable to rate increases according to UW System staff. DOA staff has indicated that at the time the 1999-01 budget was being developed, it was assumed that rate increases would be more than offset by savings from energy efficiency measures that were proposed or in the process of being undertaken at the campuses. Indeed, the UW saved an estimated \$3.7 million in 2000-01 as a result of energy efficiency measures undertaken in campus facilities over the past several years. However, as with rate increases in 1999-00, the actual rate increases were higher than anticipated and the savings generated from increased energy efficiency were offset by the rate increases. For example, according to DOA officials, natural gas prices increased by almost 50% and electricity prices increased by 16% over the 1999-00 price levels.

In addition, many UW campuses cited payments under the Wisconsin energy initiative as contributing to higher energy cost appropriation expenditures in both 1999-00 and 2000-01. Systemwide, these payments were \$1.2 million in 2000-01, \$660,000 higher than in 1999-00. Under the program, the state contracted with two private corporations to design and implement energy efficiency projects whose entire cost would be paid from the resulting savings. While the contractor guarantees that the savings generated from the projects will be sufficient to cover the costs over the life of the project, in most cases, repayments begin before such savings have been realized.

A portion of the increase in energy costs can be attributable to the addition of new facilities at a number of UW System institutions. In 2000-01, almost 1.0 million square feet of additional space was added to UW System institutions, resulting in increased energy demands. Further, 2000-01 expenditures include the first full year of utility costs for facilities completed during the 1999-00 fiscal year. The impact of new space on utility costs can vary depending on the type of facilities involved; for example, research facilities typically have higher utility costs than instructional facilities.

The UW System requests that the Joint Committee on Finance identify a source of GPR funding for the requested supplement for the UW System energy costs. One source of funding is the Committee's supplemental appropriation under s. 20.865(4)(a). However, no supplemental funding in the Committee's appropriation has been reserved for UW energy costs. Funding, therefore, could be provided from the unreserved portion of the Committee's supplemental appropriation or from funds reserved for other purposes. To date, the Committee has a total of \$40,700 GPR in unreserved supplemental funding for the remainder of the 1999-01 biennium. However, after excluding other funding requests by Corrections for this meeting, \$6,170,700 remains in the Committee's appropriation reserved for prison bed contracts. The Department of Corrections will not use these funds in 2000-01 for the purpose of additional contract beds. Thus, the Committee could transfer \$6,000,000 in 2000-01 from this appropriation to the UW System's energy costs appropriation to fund part of the agency's fuel and utilities supplementation request.

In order to fund the remaining fuel and utilities supplementation request, the Committee could transfer funding from the unexpended portion of the Wisconsin Technical College System's TOP Grant program appropriation. It is estimated that \$3.6 million will lapse to the general fund in 2000-01, since approximately \$3.0 million will be paid out as grants to students of the \$6.6 million appropriated for this purpose in 2000-01. The Committee could transfer \$2,505,600 from the TOP grant appropriation in order to fund the balance needed for the UW System's requested energy costs supplement of \$8,505,600.

ALTERNATIVES

1. Approve the University of Wisconsin System's request for \$8,505,600 GPR in 2000-01 to offset a shortfall in its energy costs appropriation [s. 20.285(1)(c)] by: (a) providing a supplement of \$6,000,000 GPR in 2000-01 from the reserved balances in the Committee's supplemental appropriation [s. 20.865(4)(a)] for Department of Corrections contract beds reserves to the UW System's energy costs appropriation; and (b) transferring \$2,505,600 GPR in 2000-01 from the Wisconsin Technical College System Board's grants to students appropriation [s. 20.292(1)(ep)] to the UW System's energy costs appropriation.

2. Deny the request.

Prepared by: John Stott

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE _____ NO _____ ABS _____

UNIVERSITY OF WISCONSIN SYSTEM

Section 13.10 Request for Supplemental Funds
(Agenda Item XVI)

Motion:

Move to provide a supplement of \$6,000,000 GPR in 2000-01 from the reserved balances in the Committees supplemental appropriation [s. 20.865(4)(a)] for Department of Corrections contract beds reserves to the UW System's energy costs appropriation [s. 20.285(1)(c)].

Authorize the UW System to pay \$2,505,600 in remaining 2000-01 energy costs expenses from its 2001-02 energy costs appropriation.

Note:

This motion would provide \$6,000,000 GPR of the UW System's 2000-01 energy costs appropriation shortfall of \$8,505,600 GPR with \$6,000,000 GPR transferred from the reserved balances in the Committee's supplemental appropriation for Department of Corrections contract beds reserves.

The motion would authorize the UW System to pay the remaining \$2,505,600 energy costs expenses from 2000-01 from its 2001-02 energy costs appropriation. Under 2001 Act 16, \$51,765,000 GPR will be available for energy costs in 2001-02.

MO#	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>	<i>Y</i>
	BURKE	DECKER	MOORE	SHIBUSKI	PLACHE	WIRCH	DARLING	ROSENZWEIG		OGARD	KAUFERT	ALBERS	DUFF	WARD	HUEBSCH	HUBER	COGGS	

AYE 16 NO 0 ABS 0



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 5, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: University of Wisconsin System: Section 13.10 Transfer of Proceeds from the Sale of Surplus Land -- Agenda Item XV

The University of Wisconsin (UW) System requests the transfer of \$4,950 from the sale of 1.7 acres of land at UW Superior to the School District of Superior.

BACKGROUND

Prior to the 1995-97 budget, proceeds from the sale of surplus land were applied to agency debt service payments. For properties where the debt had already been retired or never existed, the proceeds were used to pay off the agency's most costly outstanding debt supported by the same appropriation source as the liquidated property.

To give agencies more incentive to dispose of surplus properties, 1995 Act 27 (the 1995-97 budget) modified the use of funds received from the sale of surplus property. Under Act 27, these monies, after paying off outstanding bonds used to finance the property, are deposited in the Joint Finance Committee's appropriation for release to the agency or the Building Commission. If the property was used by a single agency, up to 50% of these funds can be released by the Committee upon request of the agency to supplement any agency appropriation, except a sum sufficient appropriation, without a finding by the Committee under s. 13.10 that an emergency need exists. Similarly, upon the request of the Building Commission, the Committee can transfer the remaining funds, depending on the amount of funds released to the agency, to the building trust fund, without a finding of an emergency.

ANALYSIS

At its September 7, 2000 meeting, the Board of Regents of the UW System approved the sale of a 1.7-acre parcel of land on the UW-Superior campus to the School District of Superior. On September 13, 2000 the Building Commission approved the sale of the land for \$9,900. The land sale to the school district was requested in order to extend a street to access new school facilities. The district plans to deed the new street to the City of Superior so it can be operated and maintained by the city. According to UW Superior, the extension of the street would provide an eastern access point to the UW-Superior campus and improve future use of the property in that area.

The UW System has requested that \$4,950 from the sale of the land be transferred to its general operations receipts appropriation. According to UW System staff, if transferred, the funds would be used to further the campus beautification project for such things as landscaping, outdoor furniture, and lighting.

If the Committee does not approve the UW System's request, the funds associated with the sale of the parcel would remain in the Committee's appropriation. Further, since no subsequent requests for use of these funds by the UW or the Building Commission could be approved during the 1999-01 biennium, the funds would lapse from the Committee's biennial appropriation to the general fund.

CONCLUSION

The proposal by the UW System to use the proceeds from the sale of the parcel to make physical improvements on the UW-Superior campus appears to be an appropriate use of the funds. Therefore, the Committee may wish to approve the University's request to transfer \$4,950 from the Committee's s.20.865(4)(a) appropriation to the UW System's continuing appropriation for general operations receipts (s.20.285(1)(iz)).

Prepared by: John Stott

MO# Conclusion

BURKE	A	GARD	A
DECKER	A	KAUFERT	A
MOORE	A	ALBERS	A
SHIBILSKI	A	DUFF	A
PLACHE	A	WARD	A
WIRCH	A	HUEBSCH	A
DARLING	A	HUBER	A
ROSENZWEIG	A	COOGS	A
		<i>WASSA</i>	A

AYE 16 NO 0 ABS 0

UNIVERSITY OF WISCONSIN SYSTEM
Request for Supplemental Funds for Energy Costs -- \$3.6 Million to WTCS
(Agenda Item XVI)

Motion:

Move to provide a supplement of \$6,000,000 GPR in 2000-01 from the reserved balances in the Committees supplemental appropriation [s. 20.865(4)(a)] for Department of Corrections contract beds reserves to the UW System's energy costs appropriation [s. 20.285(1)(c)].

Authorize the UW System to pay \$2,505,600 GPR in remaining 2000-01 energy costs expenses from its 2001-02 energy costs appropriation.

Transfer \$3,600,000 GPR in 2000-01 from the WTCS Board's grants to students appropriation [s. 20.292(1)(ep)] to the WTCS Board's incentive grants appropriation [s. 20.292(1)(dc)].

Note:

This motion would provide \$6,000,000 GPR of the UW System's 2000-01 energy costs appropriation shortfall of \$8,505,600 GPR with \$6,000,000 GPR transferred from the reserved balances in the Committee's supplemental appropriation for Department of Corrections contract beds reserves.

The motion would authorize the UW System to pay the remaining \$2,505,600 energy costs expenses from 2000-01 from its 2001-02 energy costs appropriation. Under 2001 Act 16, \$51,765,000 GPR will be available for energy costs in 2001-02.

According to the WTCS Board, approximately \$3,600,000 GPR of the \$6,600,000 GPR provided in 2000-01 for the WTCS TOP grant program will remain unexpended. As a result, \$3,600,000 of the TOP grant funding will lapse to the general fund in 2000-01. This motion would

transfer \$3,600,000 GPR of 2000-01 TOP grant funds to the WTCS incentive grants appropriation in 2000-01. Since the incentive grants appropriation is a continuing appropriation, the funds would carry forward to 2001-02.

The incentive grants program is the largest categorical aid provided by the WTCS Board to technical college districts. Under current law, the WTCS Board can award grants to districts, or consortia of districts in a number of categories, including: basic skill creation; emerging occupations; educational programs; technology programs; and creation or expansion of programs at secured juvenile correctional facilities. In 2000-01, \$7,888,100 was provided for the incentive grants program. In the 2001-03 budget bill, the Legislature would have provided \$8,638,100 GPR annually for incentive grants; however, as vetoed by the Governor, 2001 Act 16 will provide \$7,888,100 GPR annually during the 2001-03 biennium.

MO#				
BURKE	Y	N	A	
DECKER	Y	N	A	
MOORE	Y	N	A	
SHIBILSKI	Y	N	A	
PLACHE	Y	N	A	
WIRCH	Y	N	A	
DARLING	Y	N	A	
ROSENZWEIG	Y	N	A	
GARD	Y	N	A	
KAUFERT	Y	N	A	
ALBERS	Y	N	A	
DUFF	Y	N	A	
WARD	Y	N	A	
HUEBSCH	Y	N	A	
HUBER	Y	N	A	
COGGS	Y	N	A	
AYE	8	NO	8	ABS



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 5, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Review of University of Wisconsin Hospitals and Clinic Authority Lease and Affiliation Agreements -- Agenda Item XVII

Under the provisions of 1995 Act 27, the Joint Committee on Finance is required to review by June 29, 2001, and every five years thereafter by June 29, the lease and affiliation agreements between the University of Wisconsin Hospitals and Clinic Authority and the University of Wisconsin Board of Regents.

BACKGROUND

The University of Wisconsin Hospital and Clinics Authority was created in 1995 Act 27 as an independent, nonprofit public entity on June 29, 1996. At the time of the creation, hospital officials indicated that the hospital needed more flexibility in capital acquisition, personnel and purchasing in order to compete in the health care market more effectively and provide high-quality patient care and medical education.

The Authority is governed by a 15-member board which includes three members nominated by the Governor for three-year terms, each Co-Chairperson of the Joint Committee on Finance, three members of the Board of Regents, the Chancellor of UW-Madison, or his or her designee, the Dean of the UW-Madison Medical School, a chairperson of a department of the UW-Medical School, a faculty member of a UW-Madison health professions school, the Secretary of the Department of Administration, or his or her designee and two non-voting members appointed by the Governor, that represent specific collective bargaining units.

The Authority operates a 536-bed teaching hospital and a number of clinics that had been operated as part of the University of Wisconsin – Madison, as well as other outpatient clinics and

facilities in the Madison area. The Authority is required to maintain, control and supervise the use of the University of Wisconsin Hospitals and Clinics for the following purposes: (1) deliver comprehensive, high-quality care to patients using the hospitals and to those seeking care from its programs, including a commitment to provide care for the medically indigent; (2) provide an environment suitable for instructing medical and other health professions students, physicians, nurses and members of other health-related disciplines; (3) sponsor and support research in the delivery of health care to further the welfare of treated patients and apply advances in health knowledge to alleviate human suffering, promote health and prevent disease; and (4) assist health programs and personnel throughout the state and region in the delivery of health care.

Act 27 also requires the Authority to enter into lease and affiliation agreements with the Board of Regents. The agreements are automatically extended for one year unless the Board of Directors or Regents adopts a resolution opposing the automatic extension, or the Joint Committee on Finance takes action opposing the extension. If the Joint Committee on Finance determines that either, or both agreements should be terminated, the Committee must submit its recommendations regarding the agreements to the Legislature, including suggestions for legislation necessary to adequately provide for protection of the bondholders and those entering into contracts with the Authority or to modify the powers and duties of the Authority to reflect termination of the agreements.

ANALYSIS

Act 27 requires the Legislative Audit Bureau (LAB) to conduct a performance evaluation audit of the Authority prior to the initial five-year review by the Joint Finance Committee. The LAB conducted the evaluation and distributed its findings in June, 2001. A review of the audit findings with regard to the agreements between the Authority and the Board of Regents is provided below, as well as a summary of other LAB findings in its review of the Authority.

Statutorily Required and Other Agreements

Lease Agreement. Act 27 requires the Authority to enter into a lease agreement with the Board of Regents to lease the on-campus facilities beginning on June 29, 1996, for an initial period of not more than 30 years. The agreement must provide for a rental payment which may not be less than the greater of the following: (a) the debt service on all bonds issued by the state for the purpose of financing the acquisition, construction or improvement of on-campus facilities that are leased; or (b) a nominal amount determined by the parties necessary to prevent the lease from being unenforceable. In addition, the lease must include other provisions to ensure that the state maintains ownership of all the on-campus facilities and any modifications or renovations, the general management and operation of the facilities are consistent with the mission of the UW System and the Board of Regents is protected from all liability associated with the Authority's management and use of the on-campus facilities.

The LAB determined that the lease contains the statutorily required provisions. In addition, the lease contains other provisions to protect the state's interest in its property, including requiring the Authority to: (a) use the Clinical Sciences Center and other on-campus facilities to further its mission; (b) furnish the Building Commission with the opinion of a nationally-recognized bond counsel if it sublets any portion of the leased facilities; and (c) pay maintenance expenses for interior common space within the Clinical Sciences Center, based on the proportion of space it occupies.

Affiliation Agreement. Act 27 also requires that the Authority enter into an affiliation agreement that ensures that the Authority maintains a favorable financial position, supports the medical educational, research and clinical activities of the UW-Madison, develops standards relating to the selection and financing of any corporation or partnership of the Authority that provides health-related services consistent with the missions of the Authority and Board of Regents, requires the Board of Regents to make reasonable charges for services provided to the Authority and establishes a mechanism for the resolution of disputes.

In its review, the LAB determined that the affiliation agreement included the statutorily required provisions. In addition, the agreement sets forth the broad principles that govern the relationship between the Authority and the Board of Regents, and specifies the responsibilities of the Board of the Authority.

Other Agreements. In addition to the statutorily required agreements, the Authority and the Board of Regents have entered into a conveyance agreement to transfer assets, liabilities, patient and financial records, contracts, personnel matters and other records from the UW-Madison to the Authority. Under the agreement, initial assets totaling just over \$103,000,000 were transferred to the Authority in 1996. The two parties have also entered into an operating and services agreement to address areas such as security, landscaping, employees' access to University facilities, parking, use of trade names and logos, parking and environmental agreements.

There are ongoing transfers of money between the Authority and UW-Madison under the various agreements. According to the LAB audit, the Authority paid a total of \$32.9 million to the UW-Madison under the agreements in 1999-00. The UW-Madison also makes payments to the Authority for the services that it provides. In 1999-00, the UW-Madison paid the Authority a total of \$12.5 million for salaries and fringe benefits, research, grants and services, supplies and other expenses.

While the LAB audit found general compliance with all of the agreements, it cites some minor instances in which terms have not been complied with, relating to failure to obtain bond counsel opinion on the sublet of a small amount of space and not charging the UW-Madison for maintenance costs of interior common space until recently. In addition, the audit indicates that documentation for the amounts transferred from the Authority to UW-Madison could not be

completely reconciled with the University's accounting records, and portions of the annual amounts are frequently provided after the year has been completed. However, both Authority and UW-Madison officials have indicated that they are generally satisfied with the terms of the agreements.

Relationships with Health-Care Entities

At the time of the Authority's creation, University of Wisconsin Hospitals and Clinics (UWHC) and UW-Madison officials believed that in order to compete in the health care market, UWHC needed to form networks with other health care-related entities to provide more educational opportunities to medical students and revenue to the Clinics.

The LAB audit indicates that while the Authority has relationships with a number of entities that operate under the name UW Health, it has not engaged in networking activities to the extent envisioned at the time of restructuring. According to the audit, the Authority concluded that other strategies, such as increasing the size of its outpatient clinics, were more effective than networking. In addition, the UW Medical Foundation, which functions as a medical education, research and patient care organization, and handles all of the physician billings for member physicians, purchased the 225-member Physicians Plus Medical Group in 1998.

Some Authority and Foundation officials do cite a need to improve the existing relationships and consolidation to provide better coverage. In addition, some UW-Madison officials have indicated a need for better integration and coordination in managing patient billing, admissions and records to improve efficiency. The audit indicates that both the Authority and the UW Medical School strategic plans emphasize increased integration.

Financial and Operational Performance

The LAB audit indicates that the Authority's financial and operational performance has been mixed.

Since the Authority assumed responsibility for UWHC, the audit indicates that net income has generally declined. The audit indicates that Authority officials have noted several reasons for the decline in profitability, including: (1) the opening of two outpatient clinics in 1999, that involved large expenses that Authority officials believe will eventually be recouped; and (2) Medicare and Medical Assistance reimbursements that have not kept pace with inflation and increases in staff salaries, cost of drugs and other medical supplies.

The statutes require the Authority to retain cash reserves at or above a level recommended by an independent auditor, and the affiliation agreement requires the Authority to notify the Joint Committee on Finance if its cash reserves fall below the specified amount, other than on a short-term basis. In addition, the bonds issued by the Authority require it to maintain 75 days cash on

hand, or it must hire a consultant to assess its cash flow situation and suggest ways to improve it. If cash on hand falls below 45 days, the bonds would be in default.

The audit indicates that the Authority's independent auditor has declined to recommend a specific cash reserves level. Instead, the auditor has encouraged the Authority to maintain cash reserves within a range that has as its minimum the median number of days' cash held by hospitals with a credit rating of "A-" (117 days in 2000). According to the audit, the Authority's cash reserves July, 2000 through April, 2001 averaged 152 days cash on hand. The reserves level met both the auditor's recommendation and bonding covenants; however, the audit indicates that if income continues to decline, the Authority's creditworthiness could be affected.

Authority officials cite projected increases in Medicare funding and base hospital room and board rates, implementation of drug cost-containment programs, reductions in the costs of medical tests, and improvements in billing procedures as mechanisms that will improve the Authority's profitability.

In terms of operational performance, the audit indicates that annual inpatient admissions increased from 19,247 in 1995-96 to 20,202 in 1999-00; however, admissions decreased for the first ten months of 2000-01. The Authority attributes the decline, in part, to a nursing shortage that has required the Authority to divert patients to Meriter and St. Marys Hospitals in Madison. The audit indicates that the Authority diverted intensive care patients on an average of 7.4 days per month, and diverted general care patients on an average of 4.5 days per month from the UW Hospital. UW Hospital occupancy rates which had averaged 71.7% to 76.4% during the first four years, declined to 69.3% through April, 2001.

Annual outpatient visits to the Authority-owned clinics have increased 29.2% since 1995-96 according to the audit, in part, because of the construction of outpatient clinics and facilities.

Authority officials indicate that overall performance is expected to improve, and that the Authority is well positioned to compete in the health care market. However, the LAB suggests that because of the mixed financial and operational performance, continued scrutiny by the Legislature may be warranted to ensure that the Authority continues to meet its statutory mission.

Mission

The LAB found that the Authority is generally fulfilling its mission to deliver comprehensive, high-quality health care, including charity care to the indigent, provide a suitable environment for medical education, sponsor and support medical research and conduct outreach activities. The audit notes that: (1) the quality of health care provided by UW Hospital has received national recognition; (2) UW-Madison officials are satisfied with the support for medical education; (3) support for medical research has been maintained; and (4) the Authority is fulfilling its mission

of supporting outreach activities. The audit does mention that the level of charity care declined somewhat in 2000, while remaining stable over previous years.

Improvement of Capital Acquisition, Personnel and Purchasing

At the time of the Authority's creation, UWMC officials indicated that its operations were constrained by state rules and regulations relating to capital acquisition, personnel and purchasing. The audit indicates that while Authority officials believe that the restructuring has enhanced their flexibility in these areas greatly, information was not available to quantify the savings and other benefits that have resulted from such flexibilities. The audit notes that many of the efficiencies achieved in purchasing would have been possible even if the Authority had not been created.

The audit highlights the difficulty the Authority has had in employing a sufficient number of nurses. The Authority was able to promptly negotiate three of its four union contracts for 2001-02, but negotiations for nurses continue and the nurses filed an unfair labor complaint with the Wisconsin Employment Relations Commission on May 15, 2001. The audit indicates that while the issues between the Authority and the Union are complex, many appear to be influenced by the Authority's difficulty in employing and retaining a sufficient number of nurses, particularly inpatient nurses. Authority officials indicate that they are continuing to take steps to lower their nurse vacancy rate. According to the audit, the vacancy rate declined from 21% in July, 2000, to 11.6% in May, 2001; however, the Authority will likely continue to face recruitment and retention problems.

Public Testimony on the Legislative Audit Review

On June 28, 2001, the Authority's Chief Executive Officer, Ms. Donna Sollenberger, appeared before the Joint Legislative Audit Committee (JLAC) on behalf of the Authority to respond to the LAB audit and the Authority's plans for future operation. Public testimony was taken at the hearing, much of which related to nursing issues. In response to the testimony, the Co-Chairs of the JLAC requested that the Authority provide the JLAC with a report, by September 4, 2001, detailing the Authority's plans to improve the recruitment and retention of nurses at the hospital.

Summary

While the Authority has experienced some difficulties in its first five years, the audit finds that the statutorily required provisions, including its statutory mission, and agreements between the Board of Regents and the Authority have been met, with certain minor exceptions. In addition, both the Authority and UW-Madison are generally satisfied with their working relationships. The audit also finds that the Authority has maintained, and some cases increased, its support of medical education at UW-Madison, in addition to being nationally recognized as a provider of quality healthcare. Therefore, the Committee may wish to recommend extending the Authority's lease and

affiliation agreements for another five-year period. However, in light of some of the issues raised by the LAB audit, the Committee may wish to include a recommendation that the Legislative Audit Bureau continue to review the Authority's operations prior to the Joint Committee on Finance's five-year review of the agreements in the future.

Prepared by: Carri Jakel



Wisconsin Technical College System Board

September 5, 2001

Senator Brian Burke, Co-Chair
Representative John Gard, Co Chair
Joint Committee on Finance

Dear Senator Burke and Representative Gard:

I am writing in support of a motion that would transfer unspent funds from the TOP grant appropriation in 2000-01 to the WTCS incentive grant appropriation. It is my understanding that this motion will be offered by a Committee member when the item regarding UW System Energy Costs (Agenda Item XVI) is discussed.

There are several reasons why the Committee should adopt this motion:

1. Like the UW System campuses, technical college districts experienced significant unanticipated increases in energy costs during the last year (as well as significant increases in health insurance costs). The districts most affected by these increases are those at the statutory 1.5 mill rate limit (Milwaukee, Southwest Wisconsin and Western Wisconsin). These districts have been forced to reallocate funds within their budget to support basic operational costs at the expense of using the funds to help maintain and expand education and training programs which are vitally important to local and state workforce development.
2. During the 2001-03 budget process, both houses of the Legislature adopted a provision that would have provided an additional \$750,000 GPR annually through the incentive grants appropriation for the purpose of awarding limited fiscal capacity grants. This provision was vetoed. Clearly, the Legislature recognized that there was a need to assist districts at the 1.5 mill limit.
3. It is my understanding that this motion will not reduce the funds made available to the UW System to cover the shortfall in its energy costs appropriation.

Based on the above arguments, I urge members to support the motion.

Sincerely,

A handwritten signature in cursive script, appearing to read "Edward Chin".

Edward Chin
State Director

cc: Members, Joint Committee on Finance

Talking points

Moore/Burke motion on UW/Tech School energy costs

Agenda Item XVI

September 5, 2001

This motion would provide the UW System with an additional \$6 million to deal with past energy costs and allow the remaining \$2.5 million of the original request to be paid out of current fiscal year funding. The committee could revisit the UW needs at a later date if this proves insufficient.

This is an opportunity to point out:

We expect the System to be a leader in energy conservation. It is good to note that the system is credited with saving \$3.7 million in 2000-01. We need to see a concerted effort on energy conservation.

The motion would keep the unspent TOP grant money within the tech school system, placing it into the Incentive Grant Program.

- I don't begrudge the UW System one dollar of the investment we are making in it; this is a very smart investment for the state. But the UW isn't for everybody. It can't possibly meet all the needs of individuals or employers in this economy or any economy.
- We cannot afford to treat the tech school system like a poor stepchild. It is a valuable member of the higher education family.
- We need a balanced system, and we won't get it without a balanced approach.

The governor's vetoes eliminated \$300,000 for assistive technology grants; reduced grants for additional course sections down to \$250,000 annually (from \$750,000); eliminated an additional \$750,000 GPR for the incentive grant program (to help districts most in need).

The net effect of this budget is to slash capacity Grants and the TOP Grant Program by \$8.3 million over the new biennium, and this leaves a total of \$500,000 in new GPR for the entire system.



Financial Administration

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Madison, Wisconsin 53715
(608) 262-1313
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email: finadmin@uwsa.edu
website: http://www.uwsa.edu

11/1/01

October 3, 2001

The Honorable Brian Burke, Chair
Joint Committee on Finance
317 East Capital
Madison, WI. 53702

The Honorable John Gard, Chair
Joint Committee on Finance
308 East Capital
Madison, WI. 53702

Dear Senator Burke and Representative Gard:

RE: Approval to transfer 1/2 the proceeds from the sale of land at UW Parkside to the UW System.

On June 28, 2001 the Building Commission approved the sale of 1.42 acres of land at UW Parkside to the Wisconsin Department of Transportation. The \$10,000.00 received from the sale was deposited to the State General Fund. Pursuant to s. 13.101(13)(b), the UW System requests a GPR transfer of \$5,000.00 to the appropriation under s 20.285 (1)(a).

The land was sold to WisDOT to facilitate a restructuring of State Highway 31. The restructuring will widen the roadway and add turning lanes at the intersection of Highway 31 and County Trunk E. The proceeds from the sale will be used to partially fund replacement signage for existing signage that will be relocated in the Highway 31 restructuring project.

Under s. 13.101(13)(b), if the land was used by a single agency, the agency may request a transfer of up to 50% of the net proceeds. The UW System is therefore requesting the approval of the Joint Committee on Finance to transfer to the UW System one half of the net proceeds from the sale of land at UW Parkside.

Sincerely,

Deborah A. Durcan
Vice President for Finance
University of Wisconsin System

cc: President Lyall
Chancellor Keating
Vice Presidents
Kathi Sell
Bill Streeter
Dave Holle

DOA Secretary Lightbourn
Bob Lang, Legislative Fiscal Bureau
Bob Hanle, DOA
Dan Caucutt, DOA
John Stott, Legislative Fiscal Bureau


Alberta Darling
Wisconsin State Senator
Member, Joint Committee on Finance

Memorandum

November 2, 2001

To: Representative John Gard and Senator Brian Burke
Co-Chairs, Legislative Joint Committee on Finance

From: Senator  Alberta Darling

On Monday, November 5th, 2001, the UW System will present a 13.10 request to the Joint Committee on Finance proposing to allow campuses to retain student fees in excess of the statutory 15% reserve balance. In some cases, UW students themselves choose to collect student fees in order to finance specific programs or capital projects on their campus. For instance, students at the UW-River Falls are planning and raising funds for the building of a new \$20 million student union. The \$3.5 million in excess of the 15% reserve balance at UW-RF is from the collection of student fees for student led initiatives.

In this case, it is students who have planned and financed the improvement of their own campus. It would be inappropriate to discourage this type of student initiative, and even more inappropriate for the state to seize funds that rightly belong to the students. I urge you to support allowing the UW-River Falls to retain the \$3.5 million they have raised which will assist them in the construction of their new union.

Capitol Office:

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Fax: 608-267-0588

Toll-free: 1-800-863-1113
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<http://www.legis.state.wi.us/senate/sen08/news/>

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N88 W16621 Appleton Avenue, Suite 200
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UNIVERSITY OF WISCONSIN SYSTEM

Limit on Increases for Student Segregated Fees if Balances Remain

[Agenda Item II]

Motion:

Move to prohibit the Board from approving rate increases for student segregated fees if reserve funds designated for Building Commission approved construction, renovation and remodeling projects remain in the reserve balance after the completion of the project.

Note:

This motion would prohibit the Board from approving rate increases for student segregated fees if reserve funds designated for projects funded with segregated fees that were approved by the Building Commission and have been completed remain in the segregated fee reserve balance.

Chancellors, in consultation with students at each campus, are responsible for setting segregated fee rates. The UW System Board must approve any changes to segregated fee rates.

Currently, Board policy allows segregated fee funded operations to maintain reserves with funds used for new facilities, remodeling/additions, deferred maintenance, high cost equipment, debt service obligations and to ensure adequate funding for current operations.

MO# Albers

GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A

AYE 6 NO 10 ABS

UNIVERSITY OF WISCONSIN SYSTEM

Limit on Increases for Student Segregated Fees
Agenda Item II

Motion:

Move to direct the UW System to seek Committee approval of a proposed increase in segregated fees, prior to implementing those higher fees, for an institution for any planned, major remodeling or new construction if the auxiliary reserve balance required for the new construction or remodeling would exceed 15% of prior year revenues for that institution.

MO# Mard / Kaufert

GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A

AYE 6 NO 10 ABS

II. University of Wisconsin System – Deborah Durcan, Vice President for Finance

The UW System is requesting approval of its 2001-2002 plan for fee-funded auxiliary reserve balances as required under s. 36.46.

I. University of Wisconsin System – Deborah Durcan, Vice President for Finance

The system requests the transfer of one-half of the net proceeds from the sale of 1.42 acres of land at University of Wisconsin-Parkside in accordance with s. 13.101(13)(b). Funds returned to the system will be used to partially fund replacement signage for existing signage that will be relocated as part of the Highway 31 restructuring project. Proceeds from the sale totaled \$10,000 and have been remitted to the Department of Administration to be credited to the appropriation under s. 20.285(1)(iz).

Governor's Recommendation

Approve the request.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Date: October 16, 2001

To: Members, Joint Committee on Finance

From: George Lightbourn, Secretary
Department of Administration

Subject: Section 13.10 Request from the University of Wisconsin (UW) System for Approval to Transfer Fifty Percent of the Proceeds from the Sale of Land at UW-Parkside to the UW System.

Request

The system requests the transfer of one-half of the net proceeds from the sale of 1.42 acres of land at University of Wisconsin-Parkside in accordance with s. 13.101(13)(b). Funds returned to the system will be used to partially fund replacement signage for existing signage that will be relocated as part of the Highway 31 restructuring project. Proceeds from the sale totaled \$10,000 and have been remitted to the Department of Administration to be credited to the appropriation under s. 20.285(1)(iz).

Background

On June 28, 2001, the Building Commission approved the sale of 1.42 acres of land at UW-Parkside to the Department of Transportation. The land was sold to the department to facilitate the restructuring of State Highway 31. This project will widen the roadway and add turning lanes at the intersection of Highway 31 and County Trunk E. The system's requested 50 percent share of the proceeds (\$5,000) will be used to partially fund replacement signage that will be need to be relocated as part of the project.

Analysis

Section 13.101(13)(b) allows for the transfer of not more than one-half of the proceeds of the sale of land to any appropriation account, other than a sum sufficient account, of an agency, provided that the land was used by that single agency. Until its sale, only UW-Parkside utilized the land.

MEMBERS, JOINT COMMITTEE ON FINANCE

Page 2

October 16, 2001

The system's request complies with state statute and appears reasonable. Approving this request would be consistent with actions the Committee has taken in the past, most recently in September 2001, related to the sale of property by UW-Superior.

Recommendation

Approve the request.

Prepared by: Bob Hanle
266-1037



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October 3, 2001

The Honorable Brian Burke, Chair
Joint Committee on Finance
317 East Capital
Madison, WI. 53702

The Honorable John Gard, Chair
Joint Committee on Finance
308 East Capital
Madison, WI. 53702

Dear Senator Burke and Representative Gard:

RE: Approval to transfer 1/2 the proceeds from the sale of land at UW Parkside to the UW System.

On June 28, 2001 the Building Commission approved the sale of 1.42 acres of land at UW Parkside to the Wisconsin Department of Transportation. The \$10,000.00 received from the sale was deposited to the State General Fund. Pursuant to s. 13.101(13)(b), the UW System requests a GPR transfer of \$5,000.00 to the appropriation under s 20.285 (1)(a).

The land was sold to WisDOT to facilitate a restructuring of State Highway 31. The restructuring will widen the roadway and add turning lanes at the intersection of Highway 31 and County Trunk E. The proceeds from the sale will be used to partially fund replacement signage for existing signage that will be relocated in the Highway 31 restructuring project.

Under s. 13.101(13)(b), if the land was used by a single agency, the agency may request a transfer of up to 50% of the net proceeds. The UW System is therefore requesting the approval of the Joint Committee on Finance to transfer to the UW System one half of the net proceeds from the sale of land at UW Parkside.

Sincerely,

Deborah A. Durcan
Vice President for Finance
University of Wisconsin System

cc: President Lyall
Chancellor Keating
Vice Presidents
Kathi Sell
Bill Streeter
Dave Holle

DOA Secretary Lightbourn
Bob Lang, Legislative Fiscal Bureau
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