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Veterans Affairs

Trust Fund Programs and Veterans Benefits

Bill Agency

(LFB Budget Summary Document: Page 702)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
2	Educational Grants Reimbursement Rate Increase (Paper #985)
3	Veterans Emergency Assistance Grant Program Modifications (Paper #986)
5	Transportation Services Grant for Disabled Veterans (Paper #987)
6	Milwaukee Veterans War Memorial Education Center Grant (Paper #988)

annually.

4. These cost projections used by the Governor to establish the program's funding needs are summarized in Table 1. The large percentage increase in 2001-02 compared to the previous fiscal year is due to the combined interaction of the 15.37% annual rate of program growth and the 53.8% increase in the reimbursement rate from 65% to 100%, as recommended by the Governor.

TABLE 1
Governor's Recommended Funding for the Tuition and Fee Reimbursement Grant Program

<u>Fiscal Year</u>	<u>Grant Amount</u>	<u>% Increase to Previous Year</u>
1999-00	\$1,154,300	—
2000-01*	1,331,700	15.37%
2001-02**	2,363,700	77.49
2002-03**	2,600,000	10.00

* Projected figures based on program activity through April, 2001.

** Reimbursement rate increased from 65% to 100%.

5. The resulting projected funding needs for the program in 2001-02 and 2002-03 respectively under the Governor's cost projection scenario represent an increase to the base level of funding for the program (\$1,551,400 SEG annually) of \$812,300 SEG in 2001-02 and \$1,048,600 SEG in 2002-03.

6. The Governor's recommendation is based on aggregate program costs as adjusted to reflect estimates of increased program utilization, a higher reimbursement rate and increased tuition costs. These projections do not take in account the impact of declining participation in the program or an analysis of changes in the actual average grant costs for the program.

7. Table 2 summarizes recent program utilization data based on the number of grants awarded annually, as well average grant amount. These program utilization and average grant cost figures may also be used to project the likely impact of the Governor's recommendations on program costs.

TABLE 2

**Projected Tuition and Fee Reimbursement Grant Costs
(100% Tuition Reimbursement Beginning in 2001-02)**

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Average Grant</u>	<u>Total Reimbursement</u>
1995-96	2,257	\$293	\$660,700
1996-97	1,854	418	774,500
1997-98	1,708	581	992,500
1998-99	1,647	604	994,100
1999-00	1,300	888	1,154,300
2000-01*	1,280	1,025	1,312,600
2001-02**	1,290	1,657	2,136,900
2002-03**	1,290	1,739	2,243,800

* Projected figures based on program activity through April, 2001.

** Number of grants is the average of the two previous years. Tuition and fees for 2001-02 and 2002-03 assume 5% annual increases.

8. As indicated in Table 2, participation in the program has been declining since the 1995-96 fiscal year. A total of 1,300 reimbursement grants were paid in 1999-00, the last fiscal year for which complete information is available. Based on awards paid to date in the current fiscal year, a total of 1,280 reimbursement grants is projected for 2000-01. Projections for the 2001-02 and 2002-03 fiscal years are based on flat program growth, although recent experience would suggest that additional modest declines in program participation might be possible,

9. Table 2 also shows that average grant award amounts have been increasing since 1995-96. Average grant amounts have been affected by increases in the program reimbursement rate (from 35% to 50% for the 1997-98 fiscal year and from 50% to 65% for the 1999-00 fiscal year) and by recent Department efforts begun in 1998-99 to have part-time students used the part-time study grant program rather than the TFRG program.

10. The average grant awards included in Table 2 for the 2001-02 and 2002-03 fiscal years have been adjusted to reflect the impacts of increasing the reimbursement rate from 65% to 100% and of increasing UW-Madison resident undergraduate tuition and fees by 5% annually. Based on these projections, total program costs of \$2,363,700 SEG in 2001-02 and \$2,600,000 SEG in 2002-03 are indicated under the Governor's proposed modifications. If the Committee chooses to fund the tuition grant reimbursement program at 100% based on these revised projections, it could reduce the funding levels recommended by the Governor by \$226,800 SEG in 2001-02 and \$356,200 SEG in 2002-03.

11. The DVA has indicated that the reasons for the increased reimbursement rates are to:

(a) enhance the ability of veterans to take advantage of educational opportunities by coming closer to the veterans community goal of 100% reimbursement; and (b) making the TFRG (as well as the PTSG) programs parallel the Department of Military Affairs National Guard Tuition Grant program, which has provided a 100% tuition reimbursement. It could be argued, as the Department does, that the primary rationale for increasing the reimbursement rate is to improve the ability of veterans to further their educational goals. By increasing the tuition reimbursement rate, it is assumed that veterans will be more likely to avail themselves of additional educational opportunities because the costs to the veteran will be decreased.

12. Alternatively, it could be argued that the demonstrated benefits of increasing the reimbursement rates are unclear. Recent experience, even after previous reimbursement rate increases, has not increased participation in the program, as previously demonstrated by the data presented in Table 2. With respect to the argument that the TFRG program should parallel the DMA National Guard Tuition Grant program, it should be noted that the DMA program is also used by that Department as a recruitment incentive. This is a factor that does not apply with respect to the TFRG program. Further, many of the veteran participants under the TFRG program may qualify simultaneously for additional federal educational benefits, including Pell Grants and the GI Bill.

13. *Other Program Funding Options.* If the Committee concludes that adjusting the TFRG program's reimbursement rate to 100% of UW-Madison resident undergraduate tuition and fees is not indicated at this time, it could choose instead to: (a) cap the program's educational grants at a specific dollar level and provide the appropriate level of funding; or (b) retain the current law 65% reimbursement rate and provide the appropriate level of funding.

14. On May 16, 2001, the Committee took action to cap the amount of National Guard Tuition Grant reimbursements at \$1,000 per semester and \$500 for summer school. This type of approach was adopted, in part, to control the upward cost pressures on the program. Similar caps were applied to the academic excellence scholarship program in 1996-97 to cap escalating program costs. The Committee could choose to apply this treatment to the DVA Tuition and Fee Reimbursement Grant program. Capping the program at \$1,000 per semester would have the effect of freezing the program at approximately current average grant levels. The program's projected costs under this option are presented in Table 3. This projection assumes the same rate of summer school participation as under the DMA program.

TABLE 3

Projected Tuition and Fee Reimbursement Grant Costs under a \$1,000 Maximum

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Average Grant</u>	<u>Total Reimbursement</u>
2001-02	1,290	\$1,000	\$1,332,500*
2002-03	1,290	1,000	1,332,500*

*Includes an estimated 85 summer school reimbursements at \$500 each.

15. Under this alternative, the Department would be directed to establish, by rule, a methodology for determining the amount of the grant for students who attend schools with trimester or other types of academic calendars. In future years, the cap could be increased by the same percentage that the Legislature chooses to increase other financial aid programs in the budget.

16. If the Committee chooses to fund the TFRG program under this scenario, it could reduce the funding levels recommended by the Governor by \$1,031,200 SEG in 2001-02 and \$1,267,500 SEG in 2002-03.

17. Finally, the Committee could choose to fund the program under the current 65% reimbursement rate formula. Based on projected participation rates and current average grant rates, the costs of this alternative are presented in Table 4.

TABLE 4

**Projected Tuition and Fee Reimbursement Grant Costs
(Current Law 65% Reimbursement Rate)**

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Average Grant</u>	<u>Total Reimbursement</u>
2001-02*	1,290	\$1,077	\$1,389,300
2002-03*	1,290	1,131	1,459,000

* Tuition and fees for 2001-02 and 2002-03 assume a 5% annual increase.

18. If the Committee chooses to fund the TFRG program under this scenario, it could reduce the funding levels recommended by the Governor by \$974,400 SEG in 2001-02 and

\$1,141,000 SEG in 2002-03.

19. *Part-Time Study Grant Program.* Currently, this program provides reimbursement of up to 65% of the cost of the eligible veteran's undergraduate tuition and fees based on the costs of a UW-Madison resident undergraduate for part-time study. "Part-time study" is considered 11 credits or less per semester for a student without a bachelor's degree or eight credits or less per semester for a student with a bachelor's degree. There is no credit limitation for students attending summer school. Veterans with a service-connected disability of 30% or greater may be reimbursed for up to 100% of tuition and fees.

20. Qualifying veterans may receive a grant for courses completed at any UW institution or center, state technical college, accredited private college in Wisconsin, a similar institution that has a tuition reciprocity agreement with Wisconsin or a proprietary trade and vocational school. The part-time coursework must be related to the veteran's occupational professional or employment goals.

21. *Funding Needs for the Proposed Reimbursement Rate Modification.* The Governor has recommended providing an additional \$679,800 SEG in 2001-02 and \$789,300 SEG in 2002-03 to fund the PTSG program reimbursement rate increase from 65% to 100%. The Governor's funding estimate was developed in somewhat the same way the funding estimate was prepared for the Tuition and Fee Reimbursement Grant program changes. The estimate assumed that the reimbursement rate change would generate in 2001-02 a 35% cost increase based on higher participation levels in the program. This increase, when combined with the 53.8 % increase due to changing the reimbursement rate from 65% to 100% would be sufficient to generate an 108% increase in projected costs for the program in the 2001-02 fiscal year. Thereafter, costs would increase at approximately 10% annually. No further detail has been provided that would permit an assessment of the appropriateness of these projected program participation increases. Table 5 summarizes the projections used in the Governor's funding recommendations.

TABLE 5

Governor's Recommended Funding for the Part-Time Study Grant Program

<u>Fiscal Year</u>	<u>Grant Amount</u>	<u>% Increase to Previous Year</u>
1999-00	\$445,200	---
2000-01*	527,400	18.46%
2001-02**	1,095,400	107.70
2002-03**	1,204,900	10.00

*Projected.

**Reimbursement rate increased from 65% to 100%.

22. The resulting projected funding needs for the program in 2001-02 and 2002-03 respectively under the Governor's cost projection scenario represent an increase to the base level of funding for the program (\$415,600 SEG annually) of \$679,800 SEG in 2001-02 and \$789,300 SEG in 2002-03.

23. As with the TFRG program funding recommendations, the Governor's recommendation for the PTSG program is based on aggregate program costs as adjusted to reflect estimates of increased program utilization, a higher reimbursement rate and increased tuition costs. These projections do not take in account the impact of declining participation in the program or an analysis of changes in the actual average grant costs for the program. These factors are presented in Table 6.

24. Table 6 summarizes recent program utilization data based on the number of grants awarded annually, as well average grant amount. These program utilization and average grant cost figures may also be used to project the likely impact of the Governor's recommendations on program costs.

TABLE 6

**Projected Part-Time Study Grant Costs
(100% Tuition Reimbursement Beginning in 2001-02)**

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Average Grant</u>	<u>Total Reimbursement</u>
1995-96	1,665	\$383	\$637,300
1996-97	1,868	383	715,100
1997-98	1,386	291	403,700
1998-99	1,010	256	258,400
1999-00	1,080	412	445,200
2000-01*	1,025	400	409,900
2001-02**	1,056	646	682,200
2002-03**	1,056	678	716,000

* Projected figures based on program activity through April 2001.

** Number of grants is the average of the two previous years. Tuition and fees for 2001-02 and 2002-03 assume 5% annual increases.

25. Participation rates in the program have been declining since 1996-97 and appear to have stabilized at between 1,000 to 1,100 participants annually. Program costs have generally been declining also, subject to upward movement primarily after reimbursement rate changes. Based on projections of PTSG program use as outlined in Table 6, the Committee could consider reducing the funding levels recommended by the Governor by \$413,200 SEG in 2001-02 and \$488,900 SEG in 2002-03.

26. *Other Program Funding Options.* The Committee could also consider the same additional options as were proposed for the TFRG program: (a) cap the PTSG program's educational grants at a specific dollar level and provide the appropriate level of funding; or (b) retain the current law 65% reimbursement rate and provide the appropriate level of funding.

27. If the Committee chooses to cap the Part-Time Study Grant program at the same level that the \$1,000 proposed cap for the Tuition and Fee Reimbursement Grant program represents of current UW-Madison resident undergraduate tuition and fees, it could set the PTSG cap at \$85 per credit. Current projections of program use suggest that the average credit load under the PTSG program is 3.8 credits per semester, or \$323. Based on this assumption, the projected costs of the program under the \$85 per credit cap would be as identified in Table 7.

TABLE 7

**Projected Part-Time Study Grant Costs
(with an \$85 per Credit Reimbursement Maximum)**

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Average Grant</u>	<u>Total Reimbursement</u>
2001-02	1,056	\$323	\$341,100
2002-03	1,056	323	341,100

28. If the Committee chooses to fund the Part-Time Study Grant program in this manner, it could reduce the Governor's recommendation by \$754,300 SEG in 2001-02 and \$863,800 SEG in 2002-03.

29. Finally, the Committee could choose to fund the program under the current 65% reimbursement rate formula. Based on projected participation rates and current average grant rates, the cost of this alternative are presented in Table 8.

TABLE 8

**Projected Part-Time Study Grant Costs
(Maintaining Tuition and Fee Reimbursement at 65%)**

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Average Grant</u>	<u>Total Reimbursement</u>
2001-02**	1,056	\$420	\$443,500
2002-03**	1,056	441	465,700

*Tuition and fees for 2001-02 and 2002-03 assume a 5% annual increase.

30. If the Committee chooses to fund the Part-Time Study Grant program under this scenario, it could reduce the funding levels recommended by the Governor by \$651,900 in 2001-02 and \$739,200 SEG in 2002-03.

31. If the Committee chooses to cap or retain the current law reimbursement rates for either or both of the educational programs discussed in this paper, the current law treatment authorizing 100% reimbursements for veterans with a disability of 30% or more would be retained for those individuals.

ALTERNATIVES TO BILL

A. Tuition and Fee Reimbursement Grants

1. Approve the Governor's recommendation to increase the reimbursement rate to 100% and clarifying the eligible schools where the program may be used.

2. Modify the Governor's recommendation by deleting \$226,800 SEG in 2001-02 and \$356,200 SEG in 2002-03 to reflect revised estimates of the program's costs and utilization levels during the next biennium.

<u>Alternative A2</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	- \$583,000

3. Modify the Governor's recommendation by: (a) capping the Tuition and Fee Reimbursement Grant program at \$1,000 per semester (\$500 in the summer), first effective for the fall semester of 2001; (b) directing the Department to promulgate rules establishing a methodology for determining the amount of the grant for students who attend schools that operate on a trimester or other academic calendar basis; (c) retaining the current reimbursement treatment for disabled veterans; and (d) deleting \$1,031,200 SEG in 2001-02 and \$1,267,500 SEG in 2002-03.

<u>Alternative A3</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	- \$2,298,700

4. Modify the Governor's recommendation by: (a) retaining the current 65% reimbursement rate for the Tuition and Fee Reimbursement Grant program at 65% of the cost of tuition and fees for a resident undergraduate at UW-Madison; (b) retaining the current reimbursement treatment for disabled veterans; and (c) deleting \$974,400 SEG in 2001-02 and \$1,141,000 SEG in 2002-03 to reflect a revised estimate of the funding needs for the program.

Alternative A4	SEG
2001-03 FUNDING (Change to Bill)	- \$2,115,400

5. Delete the Governor's recommendation.

Alternative A5	SEG
2001-03 FUNDING (Change to Bill)	- \$1,860,900

B. Part-Time Study Grants

1. Approve the Governor's recommendation to increase the reimbursement rate to 100% and clarifying the eligible schools where the program may be used.
2. Modify the Governor's recommendation by deleting \$413,200 SEG in 2001-02 and \$488,900 SEG in 2002-03 to reflect revised estimates of the current program's costs and utilization levels during the next biennium.

Alternative B2	SEG
2001-03 FUNDING (Change to Bill)	- \$902,100

3. Modify the Governor's recommendation by: (a) capping the Part-Time Study Grants program at \$85 per credit per semester, first effective for the fall semester of 2001; (b) directing the Department to promulgate rules establishing a methodology for determining the amount of the grant for students who attend schools that operate on a trimester or other academic calendar basis; (c) retaining the current reimbursement treatment for disabled veterans; and (d) deleting \$754,300 SEG in 2001-02 and \$863,800 SEG in 2002-03.

Alternative B3	SEG
2001-03 FUNDING (Change to Bill)	- \$1,618,100

4. Modify the Governor's recommendation by: (a) retaining the current 65% reimbursement rate for the Part-Time Study Grant program at 65% of the cost of tuition and fees for a resident undergraduate at UW-Madison; (b) retaining the current reimbursement treatment for disabled veterans; and (c) deleting \$651,900 SEG in 2001-02 and \$739,200 SEG in 2002-03. Maintain current language for 100% reimbursement for disabled veterans.

Alternative B4

SEG

2001-03 FUNDING (Change to Bill)

- \$1,391,100

5. Delete the Governor's recommendation.

Alternative B5

SEG

2001-03 FUNDING (Change to Bill)

- \$1,469,100

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June 1, 2001

Joint Committee on Finance

Paper #986

Veterans Emergency Assistance Grant Program Modifications (Veterans Affairs -- Trust Fund Programs and Veterans Benefits)

[LFB 2001-03 Budget Summary: Page 703, #3]

CURRENT LAW

Subsistence Aid Grants. The subsistence aid grant program provides temporary emergency aid to veterans in the event of an illness, disability or death that causes a loss of income. The purpose of the emergency grant is to help the veteran meet everyday living expenses such as rent, food and clothing. Aid is generally provided on a month-to-month basis and is limited to a maximum of three 30-day grants within a 12-month period, unless the Department of Veterans Affairs (DVA) determines that there is need in excess of three months due to a relapse. The base level of funding for the subsistence aid grant program is \$300,600 SEG annually.

Health Care Aid Grants. The health care aid grant program provides emergency assistance to financially needy veterans to help pay for medical treatments, hospitalization, some dental care and the cost of hearing aids and eyeglasses. Grants are limited to \$5,000 per veteran or dependent for a 12-month period beginning with the first day of care for which the person seeks a grant. A veteran and the veteran's dependents living in the same household may not have liquid assets in excess of \$1,000 without losing eligibility for a health care aid grant. Veterans who suffer from alcoholism or other drug abuse may use the health care aid grant to cover treatment or health care required because of the condition. The base level of funding for the current program is \$1,200,000 SEG annually.

GOVERNOR

Subsistence Aid Grants. Provide \$200,000 SEG in 2001-02 and \$275,000 SEG in 2002-03 to meet anticipated increases in demand for the subsistence aid grant program. Authorize

DVA to grant subsistence aid to an individual whose incapacitation is the result of alcohol or other drug abuse. This modification is made in conjunction with changes being recommended to the health care aid grants program.

Health Care Aid Grants Program. Repeal the current health care aid grant program and replace it with an eye and dental care grant program. Delete the current statutory annual grant limit of \$5,000 per veteran for the new eye and dental program. Specify that DVA may award grants to eligible veterans or their dependents for the costs of eyeglasses, contact lenses, hearing aids and basic dental care, including dentures. Re-title the existing health care aid grants program to apply instead to the new eye and dental care grant program. Direct the Department to promulgate rules establishing criteria and procedures for awarding the new grants. Specify that the rules must include eligibility requirements and application procedures. During the period prior to the promulgation of permanent rules, authorize the Department to promulgate emergency rules without first having to provide evidence of an emergency. The base level of funding for the program would not be changed under the proposed modifications.

DISCUSSION POINTS

1. *Subsistence Aid Grants.* Prior to 1997 Wisconsin Act 27, the subsistence aid grant program was funded along with three other veterans programs (the part-time study grant, retraining grant and health care aid grant programs) from a single, SEG annual appropriation. This arrangement provided the Department with considerable flexibility in funding the program needs of the subsistence aid grant program if demand rose. Funds could be reallocated within the appropriation to meet any unanticipated costs due to increased demand.
2. Provisions of Act 27 established a separate SEG annual appropriation for the subsistence aid grant program and provided \$236,200 SEG annually for grants in both 1997-98 and 1998-99. Up until the time of this modification, annual expenditures for subsistence aid grants had been relatively stable, averaging about \$181,500 SEG per year during the three-year period from 1994-95 through 1996-97.
3. As part of the 1997-99 budget adjustment bill, DVA requested that the subsistence aid grant program be converted to a biennial basis in order for the agency to have more funding flexibility in managing what appeared to be a growing demand for the program. Instead, this Committee authorized the Department to request any required supplementations for the program under a permanent 14-day passive review procedure applicable to the subsistence aid grant appropriation only. This provision was enacted under 1997 Wisconsin Act 237.
4. Since the enactment of the supplementation procedure for the subsistence aid grant program, the Department has required additional funding in each fiscal year:

Subsistence Aid Grant Supplements

<u>Fiscal Year</u>	<u>Original Appropriation</u>	<u>Supplement</u>	<u>Total Available</u>	<u>Expenditures</u>
1998-99	\$236,200	\$56,700	\$292,900	\$260,000
1999-00	276,000	63,800	339,800	339,800
2000-01	300,600	187,700	488,300	488,300*

*Projected 2000-01 expenditures. Through April, 2001, subsistence aid expenditures totaled \$425,500.

5. The Department believes that the recent increases in program costs are largely attributable to an aging population of potential grant recipients coupled with weakening economic conditions.

6. When the Department developed its projections of anticipated growth in the subsistence aid grant program, it assumed that a total of \$425,000 SEG would be expended under the program during the 2000-01 fiscal year, and that annual expenditures would continue to climb from that level by an additional \$75,000 in each successive fiscal year of the 2001-03 biennium. Based on the Department's analysis, a total of \$500,600 SEG would be expended during 2001-02 and \$575,600 SEG would be expended during 2002-03. These amounts represent increases over the base of \$200,000 SEG in 2001-02 and \$275,000 SEG in 2002-03.

7. Language included in the bill would newly provide subsistence aid grants to individuals whose incapacitation is specifically the result of alcohol or other drug abuse. The Department has indicated that it is unlikely this change will have a material fiscal impact on the program. This is because individuals become eligible for subsistence aid grants under general criteria relating to loss of income due to illness or disability. Consequently, under current law, an individual with an alcohol or drug-related disability would typically qualify for subsistence aid, as long as they meet the current standards for receipt of the aid. It does not appear that the program would need to be provided any further additional funding as a result of this modification.

8. A trend line analysis of cost increases in the program since the 1994-95 fiscal year, including projected expenditures in the 2000-01 fiscal year of \$488,300 SEG, projects future program growth during the next biennium of approximately 24% annually.

9. Based on these projections, total subsistence aid grant expenditures for 2001-02 are projected at \$605,500 SEG in 2001-02 and \$750,800 SEG in 2002-03. These projections would represent additional program costs, compared to the funding levels recommended by the Governor, of \$104,900 SEG in 2001-02 and \$175,200 SEG.

10. The Committee could choose to provide these additional amounts. However, accurate predictions in the recent past of future years' subsistence aid grant requirements have been difficult to achieve. Accordingly, the Committee could still choose to provide the additional funding levels recommended by the Governor. The Department would continue to have the option

of returning to the Committee in the future under the current law passive review supplementation procedure authorized for this program, if additional funding would be required.

11. *Health Care Aid Grant Program Modifications.* Provisions of 1999 Wisconsin Act 9 directed the Department to review the health care aid grant program and examine program modifications that could be made to restrain expenditure growth in the program. As part of this review, the Department convened an agency team to: (a) identify existing gaps in federal Department of Veterans Affairs health coverage programs that might be filled by restructuring the state program; (b) examine other insurance coverage options for veterans; and (c) devise administrative efficiencies for the current program.

12. The current state health care aid grant program provides payments for essential medical services such as hospital and physicians charges, eye glasses and contact lenses, hearing aids and most dental care. The Department's review of the uniform benefits package now offered to veterans under the federal Veterans' Health Care Eligibility Reform Act of 1996 determined that the new federal act provides medical care services for a majority of the same purposes as are covered by the state program. As a result of this determination, the Department recommended refocusing the state program to limit its applicability to the costs of eyeglasses, contact lenses, hearing aids and basic dental care, including dentures for veterans and their dependents.

13. The Department's rationale for this proposed modification to the program was that "USDVA medical centers that support the majority of Wisconsin veterans do not provide services to the typical [health care aid grant] applicant for high demand purposes such as glasses, hearing aids and dental care."

14. The Department did not address the feasibility of providing insurance premium coverage for the typical low-income health care aid grant applicant because of the cost implications of such an option. However, certain changes to improve the administrative efficiency of the program were considered.

15. On December 28, 1999, the Department submitted its report to the Joint Committee on Finance. The agency's recommendations in the report form much of the basis of the recommended changes to the program, as contained in the budget bill. The principal recommendations in the report were the following

- The eligible purposes for the health care aid grant program should be for such health services as dentures, basic dental care, eyeglasses and contact lenses, and hearing aids.
- Coverage should not be allowed for services received before then grant application is received.
- Annual cost limits on coverage should be established by rule.
- Eligibility should be limited by rule to eligible veterans, spouses and dependents with household incomes that do not exceed 175% of the federal poverty level and with liquid assets

of less than \$2,500.

16. The Department has indicated that the likely annual coverage limits that would be established by rule for the program would likely be in the following amounts:

Eye and Dental Care Annual Grant Maximums

Dentures and Repairs	\$2,000
Dental Services	1,500
Hearing Aids and Exam	1,100 per ear
Eye Glasses, Contacts and Eye Exam	300

17. Under current state law, the health care aid grant program is available to veterans and their eligible dependents. Under s. 45.35(5m) of the statute, "dependents" includes a wife or husband, an unremarried widow or widower and children. During the period from 1995-96 through 1999-00, some 159 health care aid grants out of a total of 1,929 were made to dependents. Grants to dependents represented 8.2% of all grants during this five year period.

18. Under the Veterans' Health Care Eligibility Reform Act of 1996, dependents are not included in the priority listing of veterans that are eligible for federal coverage health care coverage. At public hearings around the state on the biennial budget, the Committee received testimony that the proposed changes being recommended for the health care aid grant program would have the effect of eliminating the availability of some essential medical services such as doctors' services, hospital charges and the leasing or purchasing of medical appliances for dependents of veterans, including widows and widowers.

19. In addition, the Senate Committee on Health, Utilities and Veterans and Military Affairs has also submitted a recommendation to the Committee that the Governor's recommendations for the health care aids grant program be deleted from the budget on the grounds that the more narrow focus of the program would eliminate important medical services for needy veterans and their dependents.

20. If the Committee believes that these are important considerations, it could delete the proposed modifications to the health care aid grants program for the budget.

21. Alternatively, it can be argued that the Department's recommendations have merit, in that they focus scarce funding resources in a manner that would support the types of medical services and equipment not generally provided to veterans under current federal veterans health care policies. Further, the potential denial of coverage of more general medical services to certain dependents under the proposed program revisions should be considered in the context that such individuals constitute a relatively small portion of the program's total caseload. If the Committee believes that these considerations have merit, it could approve the Governor's recommendations.

ALTERNATIVES TO BILL

A. Subsistence Aid Grants

1. Approve the Governor's recommendation to provide \$200,000 SEG in 2001-02 and \$275,000 SEG in 2002-03 to meet anticipated increases in demand for the subsistence aid grant program.
2. Modify the Governor's recommendation by providing an additional \$104,900 SEG in 2001-02 and \$175,200 SEG in 2002-03 for the subsistence aid grant program, based on a revised estimate of program needs.

<u>Alternative A2</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	\$280,100

3. Delete the Governor's recommendation.

<u>Alternative A3</u>	<u>SEG</u>
2001-03 FUNDING (Change to Bill)	-\$475,000

B. Health Care Aid Grant Program Modifications

1. Approve the Governor's recommendation to repeal the current health care aid grant program and replace it with an eye and dental care grant program.
2. Delete the Governor's recommendation.

Prepared by: Darin Renner



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June 1, 2001

Joint Committee on Finance

Paper #987

Transportation Services Grant for Disabled Veterans (Veterans Affairs -- Trust Fund Programs and Veterans Benefits)

[LFB 2001-03 Budget Summary: Page 704, #5]

CURRENT LAW

No provision.

\$100,000 to each motion

GOVERNOR

Provide \$100,000 SEG annually and create an annual appropriation funded from the Veterans Trust Fund to support grants to the Wisconsin Chapter of the Disabled American Veterans (DAV) to provide transportation services to veterans. Direct the Department to make an annual grant in the amount of \$100,000 to the organization.

DISCUSSION POINTS

1. The Wisconsin Chapter of the DAV has been operating a Disabled American Veterans Transportation Network program since 1987. Using volunteer drivers, the program provides regularly scheduled, free transportation services for disabled veterans from various localities to the U. S. Veterans Administration medical centers in Milwaukee, Madison, and Tomah and to their outpatient clinics in Appleton and Tomah.

2. Currently, there are 17 vans in operation. They are located in Milwaukee (4), Appleton (2), Green Bay (2), Superior (2), and one each in Kenosha, La Crosse, Madison, Rhinelander, Stevens Point, Tomah and Waukesha. During 1999, the last year for which complete data is available, the DAV program transported 16,062 veterans over 605,981 miles. A total of 31,826 volunteer hours were logged in providing this effort.

3. The DAV has a small paid coordinating staff to operate its transportation network and pays volunteer drivers \$0.20 per mile, subject to a \$60 per trip maximum. The program purchases the vans used to transport the veterans and then donates the vans to the USDVA medical center with the understanding that the vehicles will be for the exclusive use of the Disabled American Veterans Transportation Network program. Under this arrangement the USDVA funds the fuel, maintenance and insurance expenses of the donated vehicles.

4. The DAV has funded the operation of its transportation network through a combination of donations and contributions from its parent national organization, local fundraising and proceeds from the DAV's thrift shop operations. The thrift stores have been the major source of support for the program since its inception but have become unprofitable and are no longer producing an income stream capable of fully supporting the DAV's transportation programs.

5. The DAV's projected annual funding needs for operating the transportation program as follows:

<u>Cost Item</u>	<u>Amount</u>
Program Salaries and Fringe Benefits	\$82,000
Annual Van Purchases (2 Vans)	50,000
Travel Expense Reimbursements	32,000
Miscellaneous Supplies and Services	<u>13,600</u>
Total	\$177,600

6. The DAV currently anticipates that it can maintain a reasonably reliable revenue stream from contributions and donations of at least \$72,100 annually, leaving a projected annual program deficit of \$105,500. The state DAV has indicated to the Department that it has sought additional revenue from other outside sources but has not secured enough commitments to fund the full amount of the deficit.

7. In lieu of curtailing its transportation services operation to bring expenses in line with projected revenues, the DAV has now turned to the state for funding for a significant portion of this projected deficit in its Disabled American Veterans Transportation Network program. The Governor has recommended providing \$100,000 SEG annually from the Veterans Trust Fund for this purpose.

8. The Department has now indicated that it wishes to provide a total of \$80,000 SEG annually to the DAV program to enable it to continue services in the 26 counties currently served by the organizations transportation network. The agency would like to utilize the remaining \$20,000 SEG annually for grants to county veterans service organizations in the other 46 counties of the state not served by the DAV program to offset these organizations' costs of providing veterans transportation services.

9. In order to accomplish the Department's intended use of the funding, the Governor's recommendations would have to be modified to direct the Department to make an annual grant of \$80,000 SEG to the DAV program and to shift \$20,000 SEG annually to the existing payments to veterans organizations appropriation [s. 20.485(2)(vw)]. This appropriation would also have to be amended to permit its use to provide transportation services to veterans.

10. Funding for the proposed transportation services program would represent a new, additional draw on the Veterans Trust Fund. The program would be established on a permanent basis, and future cost increases associated with this type of program could well occur. The Department has projected that the Veterans Trust Fund balance will be approximately \$27.8 million at the conclusion of the current fiscal year. However, under the bill, this balance is projected to fall to approximately \$5.9 million by the end of the 2001-03 biennium.

11. If the Committee concludes that the state should assume a portion of the costs of the Disabled American Veterans Transportation Network program that the DAV can no longer support and that these on-going costs should be funded from the Veterans Trust Fund, then it could approve the Governor's recommendation.

12. However, if the Committee chooses to fund the Governor's recommendation, it may wish to consider whether any of the funding provided by the state should be used to purchase vans for transportation that would then be donated to the federal government for use by the DAV program. If the Committee believes that this would be an undesirable use of state Veterans Trust Fund monies, it could place a limitation on the use of the grant funds to provide that they may be used only to support the general operational expenses of the program and may not be used for vehicle purchases.

13. Alternatively, if the Committee has concerns that the establishment of a new veterans transportation program will result in future, on-going commitments from a diminished Veterans Trust Fund or concludes that a more modest DAV program should be continued by that organization within the limitations of the current income stream of private contributions and donations, it could delete the Governor's recommendation.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation by adopting *either or both* of the following alternatives:
 - a. Allocate \$80,000 SEG annually for the Disabled American Veterans Transportation Network program and direct the Department to make an annual grant for that purpose. Allocate \$20,000 SEG annually under the existing payment to veterans organizations appropriation [s. 20.485(2)(vw)] to permit DVA to make transportation services grants to organizations in counties that are not served by the Disabled American Veterans Transportation Network program. Modify

both the agency's existing s. 20.485(2)(vw) appropriation and its new authority to make transportation services grants to reflect the payment of such grants to county veterans service organizations.

b. Provide that the transportation services grants may be used only to support the general operational expenses of the program and may not be used for vehicle purchases.

3. Delete the Governor's recommendation.

Alternative 3	SEG
2001-03 FUNDING (Change to Bill)	-\$200,000

Prepared by: Darin Renner

VETERANS AFFAIRS – TRUST FUND PROGRAMS AND VETERANS BENEFITS

Transportation Services Grant for Disabled Veterans

[LFB Paper #987]

Motion:

Modify the Governor's recommendation by requiring the Department of Veterans Affairs in consultation with the Department of Administration to conduct a request for proposals for providing statewide transportation services to veterans in those areas where counties are requesting service. Authorize counties to pool their transportation services funds to achieve more cost-effective programs. Modify the recommended appropriation language to allow the Department to fund any approved veterans transportation provider and any cooperative county transportation service ventures.

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
	WELCH	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 13 NO 3 ABS _____



Legislative Fiscal Bureau

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June 1, 2001

Joint Committee on Finance

Paper #988

Milwaukee Veterans War Memorial Education Center Grant (Veterans Affairs -- Trust Fund Programs and Veterans Benefits)

[LFB 2001-03 Budget Summary: Page 704, #6]

CURRENT LAW

No provision.

*Alt 2
w/ GTR
motion*

GOVERNOR

Create a biennial appropriation to fund a grant to the Wisconsin Veterans War Memorial/Milwaukee, Inc., to develop a veterans education center and provide \$200,000 SEG in 2001-02 for this purpose. Include a nonstatutory provision authorizing the Department of Veterans Affairs (DVA) to make one grant of \$100,000 SEG during the 2001-03 biennium for the veterans education center. Repeal the new appropriation, effective July 1, 2003.

DISCUSSION POINTS

1. The Department proposes to make a seed grant to the Wisconsin Veterans War Memorial in Milwaukee to offset some of the concept planning costs and private sector fund raising costs associated with the establishment of a veterans education center at the facility.
2. The agency states that the purpose of the new center will be to educate primary and secondary level students by "communicating a compelling veteran's message and preserving and displaying Wisconsin's veterans' contributions to society." The Department's rationale for locating the facility in Milwaukee is that this site will place the facility within easy travel distance for an estimated 40% of the state's school aged population. In addition, the Department anticipates

developing a distance learning capability at the facility so that the remaining student population in the state can be reached by the center. While the Department indicates that this type of education facility could be developed at the Wisconsin Veterans Museum in Madison, a facility in Madison would not be nearly as optimally located to serve the target student audience.

3. The Department argues that the development of the Milwaukee facility is an important component of its educational mission to tell the story of Wisconsin veterans and to perpetuate their legacy. The agency indicates that once the educational center has been constructed at the Milwaukee War Memorial, the Wisconsin Veterans Museum will assume overall responsibility for its operation.

4. It is anticipated that the educational center will be completed by 2003, and the costs of operation of the facility by the Wisconsin Veterans Museum will be the subject of a 2003-05 biennial budget request. Future, on-going operational costs of the education center in Milwaukee are currently projected by the Department at \$500,000 SEG annually to be funded from the Veterans Trust Fund. The Department has projected that the Veterans Trust Fund balance will be approximately \$27.8 million at the conclusion of the current fiscal year. However, under the bill, this balance is projected to fall to approximately \$5.9 million by the end of the 2001-03 biennium. The veterans education center's future operating budget, if included as a new cost item in the 2003-05 biennium, would have to be financed from this balance.

5. If the Committee believes that the anticipated benefits of the proposed veterans education center in Milwaukee have sufficient merit to warrant providing a \$200,000 SEG seed grant to help establish the facility during the current biennium, with an implied commitment of on-going funding in the following biennium and thereafter, then it could approve the Governor's recommendation.

6. However, if the Committee chooses to fund the planning grant for the Wisconsin Veterans War Memorial/Milwaukee, Inc., the following consideration should be noted. As the bill is currently drafted, the nonstatutory provision that governs the payment of the grant would provide only one grant of \$100,000 SEG for the Wisconsin Veterans War Memorial/Milwaukee, Inc. If the Committee wishes to provide the full \$200,000 SEG for the Milwaukee facility, the draft should be modified to allow for the full payment to be made during the biennium.

7. Alternatively, if the Committee has concerns either that the establishment of a veterans education center in Milwaukee will result in future, on-going funding commitments from a diminished Veterans Trust Fund, then it could either provide a single grant of \$100,000 SEG in 2001-02 or delete the provision and \$200,000 SEG in 2001-02.

8. Finally, the Senate Committee on Health, Utilities and Veterans and Military Affairs has also submitted a recommendation to this Committee that the Governor's proposal to provide a grant to the Milwaukee Veterans War Memorial education center be deleted from the bill. The Senate Committee's recommendation noted that the Governor's proposal would use Veterans Trust Fund resources to assist a private fund raising venture and would be inconsistent with the mission of

the Trust Fund, which is to fund veterans programs and benefits.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation but with the technical correction that the Department may provide one grant of \$200,000 SEG during the 2001-03 biennium to the Wisconsin Veterans War Memorial/Milwaukee, Inc.

2. Modify the Governor's recommendation to provide a single grant of \$100,000 SEG during the 2001-03 biennium to the Wisconsin Veterans War Memorial/Milwaukee, Inc.

Alternative 2	SEG
2001-03 FUNDING (Change to Bill)	- \$100,000

3. Delete the Governor's recommendation.

Alternative 3	SEG
2001-03 FUNDING (Change to Bill)	- \$200,000

Prepared by: Darin Renner

VETERANS AFFAIRS – TRUST FUND PROGRAMS AND VETERANS BENEFITS

Milwaukee Veterans War Memorial Education Center Grant

[LFB Paper # 988 Substitute Alternative]

Motion:

Move to modify the Governor's recommendation by providing one-time funding of \$100,000 GPR in 2001-02 and deleting \$200,000 SEG in 2001-02 to provide a grant for the Wisconsin Veterans War Memorial/Milwaukee, Inc., to support its veterans education center.

Note:

The Governor's recommendation would create a biennial appropriation to fund a grant to the Wisconsin Veterans War Memorial/Milwaukee, Inc., to support its veterans education center and provide \$200,000 SEG in 2001-02 for this purpose. However, a nonstatutory provision would authorize the Department to make only one grant of \$100,000 SEG during the 2001-03 biennium for the veterans education center. As drafted, the remaining \$100,000 in the appropriation would remain unspent and would lapse to the Veterans Trust Fund at the end of the biennium. The new appropriation would sunset effective July 1, 2003.

[Change to Bill: \$100,000 GPR and -\$200,000 SEG]

MO#	BURKE	DECKER	MOORE	SHIBILSKI	PLACHE	WIRCH	DARLING	WELCH	GARD	KAUFERT	ALBERS	DUFF	WARD	HUEBSCH	HUBER	COGGS	AYE	NO	ABS
	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	8	8	0
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	0	0	0
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	8	0	0

VETERANS AFFAIRS

Trust Fund Programs and Veterans Benefits

Bill Agency

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Primary Mortgage Loan Program Bonding Authority
4	Veterans Assistance Program
7	Residency Requirements for Veterans Programs
8	Veterans Housing Loan Program Policy Changes
9	Veterans Retraining Grants Payable Directly to Employers for On-the Job Training

LFB Summary Item for Introduction as Separate Legislation

Item #	Title
10	Veterans Personal Loan Program Administrative Rules

Huber - \$5,000 GPR
Chippewa County

Nation -
\$90,000 GPR
Perpetual care
for Korean War
Veterans

Educational Communications Board

Bill Agency

(LFB Budget Summary Document: Page 240)

LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #

Title

9

Restructure Public Broadcasting (Paper #390)

AGENCY: ECB

ISSUE: Restructure Public Broadcasting (Paper 390)

ALTERNATIVE: 3 (maintain current law)

SUMMARY:

While there certainly are ways to improve the structure and efficiency of public broadcasting in Wisconsin -- this is not the time or place to undertake a radical restructuring.

If there is a problem with the system, it is that it has layer upon layer of complexity, involving several state and federal agencies. It also could involve the privatization of a statewide resource that has traditionally been provided as a public service.

If there is a strength to the system, and I would argue that there is, the strength lies in the strong public support shown at every level. The public should be fully involved in deciding the future of their system.

Taking a precipitous plunge into reorganization today does not allow the public the kind of involvement it deserves.

By: Bob



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June 1, 2001

Joint Committee on Finance

Paper #390

Restructure Public Broadcasting (Educational Communications Board)

[LFB 2001-03 Budget Summary: Page 242, #9]

CURRENT LAW

Under current law, the Educational Communications Board (ECB) and the University of Wisconsin (UW) Board of Regents administer state public broadcasting in Wisconsin, as licensees for a total of six public television and 21 public radio stations.

The ECB is a 16-member board comprised of: (a) the Secretary of Administration, the State Superintendent of Public Instruction, the President of the UW System, and the Director of the Wisconsin Technical College System (WTCS) Board, or their designees; (b) two public members appointed for four-year terms; (c) one representative of public schools and one representative of private schools, appointed for four-year terms; (d) one majority and minority party member from each house of the Legislature; (e) one member appointed by the UW Board of Regents for a four-year term; (f) the president of the Wisconsin Public Radio Association; (g) one member with a demonstrated interest in public television who resides within the coverage area of an educational television channel; and (h) one member appointed by the WTCS Board for a four-year term.

The major ECB duties include requirements to: (a) plan, construct and develop a state system of radio broadcasting for the presentation of educational, informational and public service programs; (b) protect the public interest in educational television by preserving educational television channels for Wisconsin and maintaining a comprehensive plan for the operation of a statewide television system for the presentation of noncommercial instructional programs which will serve the best interests of the people of the state; (c) work with educational agencies and institutions of the state as reviewer, adviser and coordinator of joint efforts to meet the educational needs of the state through radio, television and other appropriate technologies; (d) coordinate the radio activities of the various educational and informational agencies, civic groups, and citizens having contributions to make to the public interest and welfare; (e) procure

or publish instructional material related to educational broadcasting; (f) give priority to and develop instructional television programs that are specific to the state for use in schools, and (g) enter into affiliation agreements with the UW Board of Regents and other broadcast radio and television licensees for the purpose of furthering certain duties of ECB.

The Board of Regents, as licensee, is required to manage, operate and maintain broadcasting station WHA and WHA-TV and enter into an affiliation agreement with the ECB. The agreement is required to provide that the Board of Regents will grant the ECB the part-time use of equipment and space necessary for the operations of the state educational radio and television networks, except that the Board of Regents may rent space on the Madison public broadcast transmission tower to the ECB and to other public and commercial broadcasters. In addition, the Board of Regents is required to follow certain accounting and funding procedures related to public broadcasting.

GOVERNOR

Restructure public broadcasting in the State of Wisconsin. A summary of this proposal is presented in Attachment 1.

DISCUSSION POINTS

1. The structure of public broadcasting in Wisconsin is complex. Currently, there are nine public television and 30 public radio stations in Wisconsin, governed by four different television licensees and eight different radio licensees, including the UW Board of Regents, the ECB and the Milwaukee Area Technical College (MATC). Attachment 2 provides an outline of these stations and their call letters, station numbers, locations, license holders and license types. The Governor's proposal would directly affect the five television and thirteen radio stations governed by ECB and the one television and twelve radio stations governed by the UW Board of Regents.

2. Public broadcasting has a long history within the UW System and is an important component of its current educational programs and mission. The UW-Madison radio station, WHA, is the oldest continually broadcast public radio station in the country. Twelve of the UW's 13 four-year campuses have radio stations, which are well integrated in to the instructional and public outreach functions of each campus. Four of the stations are student-operated, and all of the stations offer student internships or other student training opportunities. At UW-Madison, WHA-TV, one of the oldest public television stations in the nation, provides training opportunities for students and distance education programming for the viewing area. UW officials assert that public broadcasting is imperative to their instructional, research and public service mission. In order to accomplish this, the UW Regents have assigned the administration of public broadcasting to UW-Extension (UWEX), which provides a presence at each of UW's 26 campuses and the state's 72 counties.

3. The ECB was created in 1971 to ensure statewide access to educational programming via public radio and television. While the UW focuses its broadcasting on its higher

education mission, ECB broadcasts extensive educational programming for K-12 pupils and teachers, and has also recently offered these resources in a web-based format. While the other television licensees cover the more urban centers of the state, southeast Wisconsin and Milwaukee, Madison and Superior-Duluth, the ECB television stations cover the smaller cities and rural areas of the state which likely do not have the population bases to support a public, or commercial, television station independently. In addition, ECB radio stations cover areas of the state that are not directly served by a UW campus, and therefore do not have access to a UW campus radio station. Through both television and radio programming, ECB serves school districts, teachers, pupils and citizens that may not otherwise have access to distance education, public affairs, news and information, and cultural programs offered to other areas of the state.

4. The MATC holds the licenses for WMVS Channel 10 and WMVT Channel 36, forming Milwaukee Public Television (MPTV), which serves the largest single viewing area in the state, including 11 counties in southeast Wisconsin and approximately 45% of the state's population. Because this area is home to approximately 90% of the state's minority population, MPTV offers programming to a more culturally diverse community than either the UW or ECB television stations, in a largely urban and suburban viewing area. According to MPTV, Channels 10 and 36 are consistently ranked among the top ten viewed public stations in the United States. MPTV is also known for technological advancement, innovative partnerships and healthy financial support from viewers.

5. Since the creation of ECB in 1971, various state officials and offices have developed proposals or completed studies regarding the consolidation or restructuring of state-level public broadcasting operations. While none of these studies or proposals has prompted the completion of a significant restructuring, a 1982 study by ECB, DOA and the UW, as well as a 1985-87 budget proposal, helped spur the internal reorganization of many UWEX and ECB functions. During the 1980s, UWEX and ECB consolidated the operations of the state's major broadcast and production facilities in order to avoid duplication of staff and equipment, coordinate program and production decisions and use available funding more effectively. This consolidation resulted in the creation of Wisconsin Public Radio and, later, Wisconsin Public Television.

6. *Wisconsin Public Radio.* Wisconsin Public Radio (WPR) consists of 23 radio stations, including each of ECB's 13 stations, eight UW stations, and two other stations licensed to other educational institutions. The WPR partnership between ECB and UWEX combines the radio budget and staff for the two organizations into a single radio operation. A director of radio is jointly appointed by the two agencies to supervise all aspects of WPR, except delivery, which is supervised by the ECB director of engineering. WPR serves approximately 300,000 listeners each week throughout Wisconsin and adjoining states.

7. *Wisconsin Public Radio Association, Inc.* WPR receives voluntary financial support from nearly 40,000 members, who contribute approximately \$2.3 million annually through the Wisconsin Public Radio Association, Inc. The Association is governed by an 18-member board of directors, with 10 directors elected by Association members from five districts throughout the state, and eight additional directors appointed by the 10 elected members. The President of the

Association is a member of the ECB Board.

8. *Wisconsin Public Television.* Wisconsin Public Television (WPT) consists of six stations (each of ECB's five stations and UW's one station), six translators and three affiliate stations. In addition, cable systems carry WPT signals to subscriber's homes. Similar to WPR, WPT combines the television budget and staff of ECB and UWEX, including a jointly appointed director of television. In addition to public affairs, general education and Wisconsin-specific programming, WPT acquires or develops approximately 1,800 programs for K-12 classrooms, scheduled during school days and as an overnight service to be recorded for later use. These programs provide curriculum-based video resources to all school districts in Wisconsin, regardless of location. In addition, WPT schedules approximately 60 adult education telecourses annually with university or technical college credit. Through an affiliation agreement, WPT programming is provided via Channels 10 and 36 in Milwaukee and WDSE in Superior-Duluth.

9. *Friends of Public Television Organizations.* WPT receives approximately \$4.3 million annually through 60,000 supporters, as well as over 16,000 volunteer hours from 2,000 individuals. In addition, WPT receives approximately \$1 million annually in corporate support for its programming. While not in a statewide association as are supporters of WPR, many of the 60,000 supporters of WPT belong to a "friends" organization, such as Friends of WHA-TV in Madison, Friends of Channel 38 in Green Bay and Wausau Friends of Public Television.

10. *Digital Television.* The Building Commission previously approved several smaller projects that were incremental steps toward digital readiness. Since 1998, a total of \$1,640,600 bonding revenue was approved for a broadcast tower replacement in Wausau. ECB requested funding for antenna and transmission line for the stations at Green Bay and Wausau. At both locations, the public TV station shares a tower with a commercial station. The antenna and line had to be installed at the same time the private station installed antenna and line. In January, 2001, the UW System requested \$1,422,600 for WHA-TV to install a digital transmitter. The Building Commission gave conditional approval to this project as well, directing both agencies to define the total cost of conversion to digital TV and to work out governance issues.

11. ECB submitted a 2001-03 capital budget request for \$34,337,000 in general obligation bonding revenue and \$802,000 FED in order to meet the May, 2003, FCC deadline for conversion to digital television broadcasting. ECB included in the request \$12,420,000 for the facilities and equipment for their five television stations to broadcast digital signals, as well as requests for \$3,927,000 for MPTV and the \$1,422,600 for WHA-TV that gained provisional approval. ECB also requested \$13,077,000 plus design, fees and contingency for a new network broadcast center. The request did not include any equipment to produce digital programming.

12. Using a minimal definition of capability to broadcast digital signals, ECB's five TV stations require antennas, line and transmitters. Some of the towers need to be strengthened. ECB estimated this cost to be \$12,420,000 plus design, fees and contingency. From that was subtracted the work already approved by the Building Commission. To allow ECB to pass through digital programming produced elsewhere would add an additional \$1,200,000. The projected cost for a

five-station pass-through system was estimated to be \$14,100,000. Using the funding ratio of one-third federal and two-thirds state or local funds, federal funding of \$4,700,000 was assumed. Further, it was assumed that friends of public broadcasting groups would be able to raise 10% of the funding needed. Therefore, a state commitment of \$8,000,000 was estimated to be adequate to allow ECB stations to meet the minimum digital broadcasting requirements. While the \$14,100,000 estimate would not include funding for the network broadcast center needed to make full use of the digital transmission equipment, it would allow for pass through of digital programming. Funding the complete control center would cost another \$15,700,000, which would not include the funding necessary for equipment to allow WPTV to produce digital programming. It is estimated that full implementation of digital television will cost over \$70 million total.

13. The Building Commission recommended that of the total bonding authorized ECB, \$14.2 million would be allocated to finance the digital conversion. The Commission specified that no more than \$8,000,000 bonding could be issued prior to July 1, 2003, and that ECB and UWEX submit a report to the DOA Secretary suggesting methods by which the two agencies would improve coordination and operational efficiencies with regard to provision of public broadcasting in the state. Also, the Commission recommended the President of UW System and ECB be required to submit a report to the Commission by June 1, 2003, concerning their efforts to secure federal financing for the digital conversion. The Commission would be allowed to authorize bonding for the digital conversion in an amount exceeding \$8,000,000 only after June 30, 2003 and only if the President of UW System and ECB submit this report.

14. *Restructuring Public Broadcasting.* During the 1990s, four major studies or proposals have shaped discussion of the future of public broadcasting in Wisconsin. In 1991, the Legislative Audit Bureau released an evaluation which, while recognizing the consolidation efforts and related cost savings of the past decade, made a number of recommendations to better familiarize consolidation through written agreements and by statutorily assigning responsibility for the operation of WPR and WPT to ECB, in cooperation with the UW Board of Regents. In 1995, the Governor recommended transferring public broadcasting engineering functions to DOA; however, 1995 Act 27 (the 1995-97 state budget) did not implement such a transfer but required ECB, UW and DOA to identify cost savings that may result from a consolidation of ECB and UWEX public broadcasting functions. In 1996, the agencies released their recommendations, which outlined numerous policy concerns that would need to be decided prior to any formal consolidation; no consolidation measures were initiated.

15. *Commission on Public Broadcasting.* Under 1997 Act 27 (the 1997-99 state budget) a Commission on Public Broadcasting was created to examine: (a) future funding issues; (b) technological advances and their implications; (c) the relationship between public broadcasting and distance education; (d) the development of new partnerships with the private sector and other public sector interests; and (e) alternative organizational or governance structures, including a single public or private organization that is not a current licensee. The Commission was required to include the UW, ECB and MATC in its study. Members of the Commission included an array of individuals involved in public broadcasting in Wisconsin, with official membership similar to the ECB Board. The report asserts, "The prevailing view of Commission members is that public broadcasting should

be restructured to one or more new organizations with the managerial and financial flexibility of a nonprofit corporation; however some members, while supportive of flexibility, are reluctant to dramatically change the structure of broadcasting if either licensee ability to deliver services or state funding are diminished." The report also included a statement of principles which contained areas of concern that should be addressed if public broadcasting were to be reorganized, including the continuation of editorial integrity; a mission to educate and serve a diverse, statewide audience; state support for operations and programming; high quality programming with ties to the educational community; and an efficient, effective managerial structure.

16. In 1999, former Governor Thompson recommended consolidating and transferring public broadcasting responsibilities from ECB and UWEX to a private nonstock corporation; however, 1999 Act 9 did not implement such a transfer, but the restructuring public broadcasting and funding digital television transition committee was created.

17. In March, 2001, the restructuring public broadcasting and funding digital television transition committee began a series of meetings to discuss and prepare a final report of recommendations. ECB, the Wisconsin Technical College System Board, DPI, the Legislature, UW, and the friends of public broadcasting organizations were represented on the committee. Subsequently, ECB and UW issued a report on coordination and efforts to achieve maximum operational efficiencies. The report asserted that there are no major functions duplicated between ECB and UWEX that are not necessary to serve the distinct missions of the two institutions, serving K-12 education and higher education, respectively. The report stated that the current system of governance is adequate and workable despite its complexity, as evidenced by the high quality of services currently provided through the state's public broadcasting system. Finally, ECB and UWEX asserted that no alternative governance structure had gained the support of the stakeholders in public broadcasting.

18. The Governor recommends transferring public broadcasting responsibilities to a nonstock corporation. Privatizing all or portions of public broadcasting may provide the new organization with the greatest flexibility in expenditures, fundraising and investing, contracting and planning, which are areas in which ECB and UWEX have argued more flexibility is necessary in order to strengthen public broadcasting. Privatization, with a focus on fundraising, may provide the state with an opportunity for reducing state funding for public broadcasting and the conversion to digital television. On the other hand, privatization may jeopardize the state's longstanding investment and historical support for public broadcasting and educational programming. In addition, once the state relinquishes control of public broadcasting, its assets and programming, it would be extremely difficult or impossible to impose future state oversight or guidance. Finally, concerns have been expressed that a private, nonprofit entity would not be able to raise sufficient funding to continue the current quality of public broadcasting in the state and would increase the competition for private donations to educational, cultural and civic organizations.

19. The restructuring of public broadcasting is a significant undertaking, particularly because it involves several state and federal agencies. The restructuring could also involve the privatization of a statewide resource that has traditionally been provided as a public service of the

state, during a period when public television is required to undergo a massive transition to digital broadcasting. In addition, once a state entity is privatized, the Legislature would have few opportunities to exercise oversight or control. It may be desirable to delete the proposal to restructure public broadcasting from the budget bill, so that it could be considered as separate legislation, which would allow interested parties to present their points of view to the Legislature's standing committees.

20. On the other hand, because numerous reports and proposals have recommended the reorganization of public broadcasting and the Legislature has been asked to commit a significant amount of resources for the conversion to digital television, it may be timely to undertake the restructuring of public broadcasting in the context of the larger budget bill.

21. The Committee could consider modifying the bill to change the makeup of the transitional board and subsequent initial directors of the corporate board to provide broader representation. Under the Governor's proposal, 13 of the 20 board members would be appointed by the Governor, subject to Senate confirmation. Among the seven members not appointed by the Governor are the Secretary of DOA, the State Superintendent, the President of the UW System, the Director of WTCS, the President of the Wisconsin Association of Independent Colleges and Universities, or their designees, and one legislator from the majority party of each house of the Legislature, appointed as are members of standing committees. One alternative to this composition might be to reduce the number of private sector employees appointed by the Governor from eight to six, and substitute one legislator from the minority party of each house of the Legislature, appointed as are members of standing committees. In addition, the two board members who belong to WPRA and one member who belongs to the Friends of WHA-TV could be selected to serve on the board by fellow members of these two organizations, rather than by the Governor. These modifications to the Board would incorporate a broader range of viewpoints and be more likely to assure that all public broadcasting stakeholders are adequately represented.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to restructure public broadcasting in Wisconsin through transferring the public radio and television licenses of the UW Board of Regents and the ECB to a nonstock corporation and eliminating the ECB following approval of the license transfers by the FCC.

2. Modify the Governor's recommendation to alter the makeup of the transitional board and subsequent board of directors for the Broadcasting Corporation. The board would include the following individuals: (a) the Secretary of DOA, or his or her designee; (b) the State Superintendent of Public Instruction, or his or her designee; (c) the President of the UW System, or his or her designee; (d) the Director of the WTCS, or his or her designee; (e) the President of the Wisconsin Association of Independent Colleges and Universities, or his or her designee; (f) one legislator from the majority and the minority parties of each house of the Legislature, appointed as are members of standing committees; (g) two members who belong to the WPRA, selected by the other members of

WPRA; (h) one member who belongs to the Friends of WHA-TV, selected by the other members of the Friends of WHA-TV; (i) one member appointed by the Governor who resides in Wisconsin but outside of the WHA-TV viewing area; (j) one member appointed by the Governor who is a representative of public elementary and secondary school administrators; and (k) six members appointed by the Governor who are employed in the private sector. Provide that the members of the transitional board in sections (i) through (k) would be subject to Senate confirmation and that these members would be appointed for a three-year term.

3. **Maintain current law.**

Prepared by: **Layla Merrifield**

ATTACHMENT 1

Summary of Proposal to Restructure Public Broadcasting Under the Governor's Budget Recommendations

Public Broadcasting Transitional Board. Create a 20-member transitional board that would include the following individuals: (a) the Secretary of DOA, or his or her designee; (b) the State Superintendent of Public Instruction, or his or her designee; (c) the President of the UW System, or his or her designee; (d) the Director of the WTCS, or his or her designee; (e) the President of the Wisconsin Association of Independent Colleges and Universities, or his or her designee; (f) one legislator from the majority party of each house of the Legislature, appointed as are members of standing committees; (g) two members appointed by the Governor who belong to the Wisconsin Public Radio Association (WPRA); (h) one member appointed by the Governor who belongs to the Friends of WHA-TV; (i) one member appointed by the Governor who resides in Wisconsin but outside of the WHA-TV viewing area; (j) one member appointed by the Governor who is a representative of public elementary and secondary school administrators; and (k) eight members appointed by the Governor who are employed in the private sector.

Provide that the members of the transitional board in sections (g) through (k) would be subject to Senate confirmation and that these members would be appointed for a three-year term. Provide that the members of the transitional board would be subject to the code of ethics for public officials and employees. Provide that this transitional board would be eliminated on the first day of the 36th month beginning after the effective date of the budget act.

Duties of Transitional Board. Specify the following transitional board duties:

- a. Draft and file articles of incorporation for a nonstock corporation under state law and take all actions necessary to exempt the corporation from federal taxation under 501(c)(3) of the Internal Revenue Code. This corporation would be referenced as the Broadcasting Corporation;
- b. Provide in the articles of incorporation that the initial directors of the corporate board would be the members of the Transitional Board;
- c. Draft bylaws for adoption of the corporate board of the Corporation;
- d. Prepare an application for submission by the corporate board to the Federal Communications Commission (FCC) to transfer all broadcasting licenses held by the ECB and the UW Board of Regents, except licenses for student radio, to the Corporation;
- e. Negotiate an agreement with the WPRA for the transfer of funds raised by the Association to the Corporation;

f. Negotiate an agreement with each friends of public television group for the transfer of funds raised by each group to the Corporation; and

g. Retain, if necessary, staff and legal, administrative and technical assistance from the UW and the ECB, which would be provided at no cost to the transitional board.

Elimination of ECB. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, ECB would be eliminated on and after the effective date of the last license transferred as determined by the Secretary of DOA. Provide that no monies could be encumbered from any of ECB's appropriations after that date. As part of the elimination of ECB, the ECB member on the TEACH Board would be replaced with another member appointed by the Governor.

Eliminate Public Broadcasting Responsibility of UW Board of Regents. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW to the Broadcasting Corporation, except for licenses for student radio, then current law requiring the Board of Regents to operate WHA and WHA-TV would no longer apply effective on the date of the transfer of the last license.

Duties of Broadcasting Corporation. The Broadcasting Corporation would be required to do each of the following as a condition of receiving state aid:

a. Maintain a state system of radio broadcasting for the presentation of educational, informational and public service programs, and formulate policies regulating the operation of such a state system, and coordinate the public radio activities of the various educational and informational agencies, civic groups, and citizens that contribute to the public interest and welfare;

b. Maintain educational television channels reserved for Wisconsin, and take such action as is necessary to preserve such channels in Wisconsin for educational use;

c. Maintain a comprehensive state plan for the orderly operation of a statewide television system for the presentation of noncommercial instructional programs that will best serve the interests of the state;

d. Work with the educational agencies and institutions of the state as a reviewer, adviser and coordinator of their joint efforts to meet the educational needs of the state through radio and television;

e. Furnish leadership in securing adequate funding for statewide joint use of radio and television for educational and cultural purposes, including funding for media programming for broadcast over the state networks;

f. Lease, purchase or construct radio and television facilities for joint use with state and local agencies, including broadcast network and production facilities production facilities,

network interconnection or relay equipment, mobile units, and other equipment available for statewide use;

g. Maintain radio and television transmission equipment in order to provide broadcast service to all areas of this state;

h. Establish and maintain a continuing evaluation of the effectiveness of the joint efforts of all participating educational institutions in terms of jointly-established goals in the area of educational radio and television;

i. Act as an informational source for educational radio and television activities in this state and provide such information to legislators, offices of government, educational institutions and the general public;

j. Provide educational programming for elementary and secondary schools in this state and transmit public radio and television to remote and underserved areas of the state;

k. Contract with the UW Board of Regents for the services of its public broadcasting staff; and

l. Make the most effective use of its digital broadcasting spectrum.

Additional Requirements for State Aid. Provide that the Broadcasting Corporation could receive state aid if each of the following is satisfied:

a. The articles of incorporation state the purpose of the Broadcasting Corporation is to provide public broadcasting to this state and that, if the Broadcasting Corporation dissolves or discontinues public broadcasting in this state, the Corporation would be required to, in good faith, take all reasonable measures to transfer or assign the Broadcasting Corporation's assets, licenses and rights to an entity whose purpose is to advance public broadcasting in this state;

b. The Corporation initially adopts the bylaws drafted by the transitional board;

c. The Corporation permits public inspection and copying of any records of the corporation to the same extent as required of, and subject to the same terms and enforcement provisions that apply to, an authority designated under state law;

d. The Corporation provides public access to its meetings to the same extent as is required of, and subject to the same terms and enforcement provisions that apply to a governmental body;

e. The Corporation provides the Secretary of DOA, the Legislative Audit Bureau and the Legislative Fiscal Bureau with access to all of the Corporation's records, except records identifying the names of private donors;

f. If the broadcast licenses of the ECB are transferred to the Corporation, it carries out any obligation of the ECB under any contract entered into by the ECB that relates to the provision of public broadcasting in this state until the contract is modified or rescinded by the Corporation to the extent allowed under the contract and the Corporation pays off any outstanding state debt related to the ECB state office building; and

g. If the broadcast licenses of the UW are transferred to the Corporation, it carries out any obligation of the UW under any contract entered into by the UW that relates to the provision of public broadcasting in this state until the contract is modified or rescinded by the Corporation to the extent allowed under the contract.

Specify that the Secretary of DOA would pay state aid to the Corporation in installments, as determined by the Secretary.

Duties of Secretary of DOA. The Secretary of DOA would be required to determine each of the following: (a) whether the FCC has approved the transfer of all broadcasting licenses held by ECB and the Board of Regents of the UW, except for licenses for student radio, to the proposed Broadcasting Corporation; (b) if the Secretary of DOA determines that the FCC has approved the transfer of all ECB broadcasting licenses, then the Secretary would determine the effective date of the transfer of the last license to the Broadcasting Corporation; and (c) if the Secretary of DOA determines that the FCC has approved the transfer of all UW broadcasting licenses, then the Secretary would determine the effective date of the transfer of the last license to the Broadcasting Corporation. The Secretary of DOA would be required to notify the Revisor of Statutes in writing of the effective date of the last license transferred.

Transfer of Appropriation Balances. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, each of the following transfers would occur on the effective date of the transfer of the last license to the Broadcasting Corporation: (a) the unencumbered balance of all of ECB's sum certain GPR appropriations would be transferred to a new section of the state appropriation schedule created for the Corporation, which would include two GPR sum certain appropriations, one for operational costs of public television broadcasting and one for operational costs of public radio broadcasting; (b) the unencumbered balance of ECB's PR appropriation for emergency broadcasting would be transferred to a newly-created PR appropriation under DOA for the same purpose; and (c) the unencumbered balance of the rest of ECB's PR and FED appropriations would be transferred to a newly-created PR appropriation under DOA, and the Secretary of DOA would be required, to the extent allowed under federal law, to pay the Broadcasting Corporation a grant equal to the unencumbered balance of the new PR appropriation under DOA.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW to the Broadcasting Corporation, except for licenses for student radio, on the effective date of the transfer of the last license to the Corporation all unencumbered balances appropriated to the UW for public broadcasting, as determined by the Secretary of DOA, would be transferred to the Corporation.

Transfer of ECB Positions. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, all ECB positions and incumbent employees holding the positions would be transferred to DOA. Provide that employees would retain the same rights and status that they enjoyed at ECB, and no permanent employee would be required to serve a probationary period. Specify that ECB unclassified positions for the deputy, four division administrators and 11 professional staff members would continue to be unclassified positions after transfer to DOA. Provide that all employees transferred to DOA would be required to provide broadcasting services to the Broadcasting Corporation under a contract between DOA and the Corporation. Require the contract to specify that the employees providing services would be supervised solely by the Broadcasting Corporation. A PR appropriation would be created under DOA to allow the expenditure of monies received from the Corporation for services provided under the contract.

UW Positions Provide Services to Broadcasting Corporation. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW Board of Regents to the Broadcasting Corporation, except license for student radio, then the following provisions would apply: (a) the Board of Regents would be required to contract with the Broadcasting Corporation to provide the Corporation with the services of all the employees of the UW who provided public broadcasting services prior to the license transfer; (b) the Board of Regents could not contract for the services of any employee who did not provide public broadcasting services prior to the license transfer; (c) any contract must specify that the Broadcasting Corporation would have supervisory authority over the employees. If any employee of the UW who provided public broadcasting services prior to the license transfer terminates employment with the UW after the license transfer, the Board of Regents could not fill that position and could not expend any money that would otherwise have been paid to or on behalf of the employee as salary or fringe benefits. A PR appropriation would be created under the UW to allow the expenditure of monies received from the Corporation for services provided under the contract.

Transfer of ECB and UW Assets. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, the following asset transfer provisions would apply: (a) the state office building used by ECB would be transferred to the Broadcasting Corporation if the Corporation pays \$476,228, which represents the Foundation's remaining interest in the building, to the Wisconsin Public Broadcasting Foundation or the Foundation waives the payment; (b) assets of the state used by ECB that are not shared assets would be transferred to the Broadcasting Corporation on the effective date of the last license transferred; (c) assets of the state used by ECB for the emergency weather warning system would be transferred to the DOA; and (d) current general obligation bonding authorized for ECB facilities would transfer to DOA. Any asset transferred under (a) or (b) would revert to the state if the asset would not be used for providing public broadcasting. A GPR debt service appropriation would be created under DOA for debt service costs associated with transferred ECB facilities.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW Board of Regents to the Broadcasting Corporation, except licenses for student radio, assets of the state used by the UW that are not shared assets would be transferred to the Broadcasting Corporation on the effective date of the last license transferred. Any UW asset transferred would revert to the state if the asset would not be used for providing public broadcasting.

Transfer Provisions for Shared Assets. A shared asset would be defined as any asset of the state that, as determined by the Secretary of DOA, is used for the purpose of providing public broadcasting, including a tower, transmitter, transmission facility or other related structure, equipment or property, and that is also used by another state agency.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, the Secretary of DOA would be required to negotiate and enter into an agreement to lease, sell or otherwise transfer any shared asset used by ECB to the Corporation. In addition, the Secretary would be required to negotiate and enter into an agreement with the Broadcasting Corporation regarding the payment of any outstanding ECB debt service relating to public broadcasting. A PR appropriation would be created under DOA to allow expenditure of monies received from the Corporation to pay this debt service.

If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by the UW Regents to the Broadcasting Corporation, except licenses for student radio, the Secretary of DOA would be required to negotiate and enter into an agreement to lease, sell or otherwise transfer any shared asset used by the UW to the Corporation. In addition, the Secretary would be required to negotiate and enter into an agreement with the Broadcasting Corporation regarding the payment of any outstanding UW debt service relating to public broadcasting.

Emergency Weather Warning System. If the Secretary of DOA determines that the FCC has approved the transfer of all broadcasting licenses held by ECB to the Broadcasting Corporation, after the date of the last license transfer, DOA would be required to contract with the Broadcasting Corporation for the operation of an emergency weather warning system.

Other Provisions. Modify current law references to ECB to instead refer to the Broadcasting Corporation in areas relating to public broadcasting licenses held by MATC.

ATTACHMENT 2

Public Broadcasting Stations and Licenses in Wisconsin

RADIO LICENSES

<u>Call Letters</u>	<u>Station</u>	<u>Location</u>	<u>License Holder</u>	<u>License Type</u>
<i>Wisconsin Public Radio</i>				
WLFM	91.1	Appleton	Lawrence University	University
WLBL	AM 930	Auburndale-Stevens Point	ECB	State
WHSA	89.9	Brule	ECB	State
WHAD	90.7	Delafield-Milwaukee	ECB	State
WUEC	89.7	Eau Claire	UW Board of Regents	University
WPNE	89.3	Green Bay	ECB	State
WHID	88.1	Green Bay	UW Board of Regents	University
WHHI	91.3	Highland	ECB	State
WGTD	91.1	Kenosha	Gateway Tech College	University
WHLA	90.3	La Crosse	ECB	State
WLSU	88.9	La Crosse	UW Board of Regents	University
WHA	AM 970	Madison	UW Board of Regents	University
WERN	88.7	Madison	ECB	State
WVSS	90.7	Menomonie	UW Board of Regents	University
WHWC	88.3	Menomonie-Eau Claire	ECB	State
WRST	90.3	Oshkosh	UW Board of Regents	University
WHBM	90.3	Park Falls	ECB	State
WRFW	88.7	River Falls	UW Board of Regents	University
WHDI	91.9	Sister Bay	ECB	State
WHND	89.7	Sister Bay	ECB	State
KUWS	91.3	Superior	UW Board of Regents	University
WLBL-FM	91.9	Wausau	ECB	State
WHRM	90.9	Wausau	ECB	State
<i>Other Public Radio Stations</i>				
WOJB	88.9	Hayward	Lac Court Oreilles Tribe	Community
WORT	89.9	Madison	Back Porch Radio, Inc.	Community
WUWM	89.7	Milwaukee	UW Board of Regents	University
WYMS	88.9	Milwaukee	MPS School Board	Local Authority
WSUP	90.5	Platteville	UW Board of Regents	University
WXPR	91.7	Rhineland	White Pine Community	Community
WWSP	89.9	Stevens Point	UW Board of Regents	University
WSUW	91.7	Whitewater	UW Board of Regents	University

TELEVISION LICENSES

<u>Call Letters</u>	<u>Station</u>	<u>Location</u>	<u>License Holder</u>	<u>License Type</u>
<i>Milwaukee Public Television</i>				
WMVS	10	Milwaukee	MATC-Milwaukee	University
WMVT	36	Milwaukee	MATC-Milwaukee	University
<i>Wisconsin Public Television</i>				
WPNE	38	Green Bay	ECB	State
WHLA	31	La Crosse	ECB	State
WHA	21	Madison	UW Board of Regents	University
WHWC	28	Menomonie-Eau Claire	ECB	State
WLEF	36	Park Falls	ECB	State
WHRM	20	Wausau	ECB	State
<i>Other Public Television Stations</i>				
WDSE	8	Superior-Duluth	Duluth-Superior Area Educational Television	Community

EMERGENCY WEATHER WARNING STATIONS

Adams-Friendship
 Ash Ridge
 Bloomington
 Clark/Taylor
 Crandon
 Dubuque
 Duluth
 Eau Claire/Menomonie
 Fond du Lac
 Green Bay
 Janesville
 La Crosse
 Madison
 Milwaukee/Sullivan
 Minneapolis
 Park Falls
 Sheboygan
 Sister Bay
 Wausau

MO# A113

2 BURKE	Y	N	A
1 DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	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 _____

EDUCATIONAL COMMUNICATIONS BOARD

Bill Agency

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
3	Fuel and Utility Reestimate
5	Program and Federal Revenue Reestimate
6	Delete Position
7	Debt Service Appropriation

LFB Summary Items to be Addressed in a Subsequent Paper

<u>Item #</u>	<u>Title</u>
2	Base Budget Reductions
4	Debt Service Reestimate

LFB Summary Items for Introduction as Separate Legislation

<u>Item #</u>	<u>Title</u>
8	Fund-Raising Corporation

University of Wisconsin Hospitals and Clinics Authority

Bill Agency

(LFB Budget Summary Document: Page 680)

LFB Summary Item for Which an Issue Paper Has Been Prepared

Item #

Title

1

Bonding Authority (Paper #945)

AGENCY: UW Hospital and Clinics Authority

ISSUE: Bonding Authority (Paper 945)

ALTERNATIVE: Delay, or 2 (maintain current law)

SUMMARY:

[SEIU still not satisfied with the Authority's negotiating stance, though they are going back to the table finally. They would prefer another delay if you can, if not, current law would force the Authority to return to the Legislature at a later date for this authority.]

The authority wants this bonding authority for a variety of worthwhile projects. Point 9, however, suggests there is little harm in asking them to come back at a later date.

The message in the staff meeting was that losing 8-8 on this is worth doing. For what it's worth. Might be a good reason to try one more time for a delay.

By: Bob



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May 9, 2001

Joint Committee on Finance

Paper #945

Bonding Authority (UW Hospital and Clinics Authority)

[LFB 2001-03 Budget Summary: Page 680, #1]

CURRENT LAW

The University of Wisconsin Hospitals and Clinics Authority (Authority) was created to operate and manage the UW Hospital and Clinics, beginning July 1, 1996. The Authority is a public body corporate and politic that is defined and authorized by state law and governed by a public board. State law permits the Authority to issue bonds for any corporate purpose. Bonds issued by the Authority are not a debt of the state and do not obligate the state to levy any tax or make any appropriation for payment of the bonds. The State is not liable for debt service payments. The Authority is also allowed to seek financing and incur indebtedness from the Wisconsin Health and Educational Facilities Authority (WHEFA), which provides financing to health facilities.

The Authority cannot issue bonds or incur indebtedness from WHEFA if, after the bonds are issued or the indebtedness is incurred, the amount of all outstanding bonds and indebtedness would exceed \$106,500,000. Excluded from this limit is bonds or indebtedness issued to refund outstanding bonds or indebtedness.

GOVERNOR

Increase the amount of bonds the Authority could issue or the indebtedness it could incur by \$68.5 million, for a total limit of \$175,000,000.

DISCUSSION POINTS

1. Under 1999 Act 9 (the 1999-01 budget act), the amount of bonds the Authority

could issue or indebtedness it could incur was increased from \$50 million to \$106.5 million, or by \$56.5 million.

2. In March, 2000, the Authority issued the additional \$56.5 million in revenue bonds for the following projects: (a) six operating rooms, a new 18 bed pediatric intensive care unit, and a new transplant clinic and organ procurement program office (\$29,652,000); (b) new ambulatory service facilities including expansion of radiology patient amenities and diagnostic equipment and the Wisconsin Comprehensive Cancer Center clinic and chemotherapy area, and the addition of a Breast Center (\$24,412,700); and (c) relocation of the medical flight program and remodeling (total cost of \$3,464,900, a portion of which was funded with operating cash).

3. As of February, 2001, the Authority had total outstanding debt of \$136.6 million. Debt that was in existence prior to the formation of the Authority is not subject to the cap. The Authority has not incurred any indebtedness from WHEFA.

4. State statutes require the Authority to maintain, control and supervise the use of the University Hospitals and Clinics, subject to lease agreements with the Board of Regents, for the purposes of the following: (1) delivering comprehensive, high-quality health care to patients, including a commitment to provide such care for the medically indigent; (2) providing an environment suitable for instructing medical and other health professions students, physicians, nurses and members of other health-related disciplines; (3) sponsoring and supporting research in the delivery of health care to further the welfare of the patients treated and applying the advances in knowledge to alleviate human suffering, promote health and prevent disease; and (4) assisting health programs and personnel throughout the state and region in the delivery of health care.

5. As part of its strategic planning, the Authority has identified capital projects estimated at \$81.9 million. The Chief Financial Officer (CFO) indicates that these projects are necessary in order to fulfill its statutory mission and strategic goals. Of the estimated funding needed for the identified projects, \$7.2 million is for general remodeling and maintenance and will be funded from operating cash, and remaining \$74.7 million is estimated for major projects, some of which would require additional borrowing.

6. Projects that the Authority has identified that would require some borrowing total \$70.2 million and include: (a) completing the ambulatory service facilities including inpatient holding areas, waiting areas for diagnostic services, a pre-operative workup area and several outpatient clinics (\$14.8 million); (b) remodeling inpatient facilities which have not been updated since they were constructed in 1976, converting two outpatient units to inpatient units and relocating the outpatient clinics (\$19.5 million); (c) relocating and remodeling outpatient dialysis, pediatrics, pediatric specialties, dermatology and orthopedics from, or within the main clinic for better accessibility and efficiency (\$7.5 million); (d) remodeling and expanding the emergency room (\$3.4 million); (e) remodeling, expanding and enhancing the children's hospital which has not been updated since it was built in 1976 (\$15 million); and (f) converting the School of Nursing facilities to clinical use when the School moves to its new facilities (\$10 million)

7. The Authority indicates that it has, and will continue to, maintain appropriate financial ratios to attract lenders to purchase its revenue bonds, and to fund the principal and interest payments due on bonds.

8. In addition, updating facilities would allow the Authority to improve its current average age of plant of 10.0 years. For an "A" rating, Standard and Poor's requires that the average age of plant be no more than 8.6 years.

9. According to the CFO, the Authority does not plan to incur additional debt immediately. Rather, some of the projects may be scheduled for the fall of 2002. Therefore, the Committee could eliminate the provision that would increase the amount of bonds the Authority could issue or the indebtedness it could incur. Under this alternative, the Authority could request an increase through separate legislation when the borrowing is needed.

10. However, the CFO indicates that authority to increase borrowing is needed now so that the Authority can plan for its capital and financing needs, and choose the optimal market timing for selling bonds.

ALTERNATIVES TO BILL

1. Approve Governor's recommendation to increase the amount of bonds the Authority could issue or the indebtedness it could incur by \$68.5 million.

2. Maintain current law.

Prepared by: Carri Jakel

University of Wisconsin System

Bill Agency

(LFB Budget Summary Document: Page 682)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
5	Funding for UW-Madison (Paper #950)
6	Funding for UW-Milwaukee (Paper #951)
7	Information Technology and Biotechnology Courses (Paper #952)
8	Tuition Revenue Expenditure Authority (Paper #953)
10, 11	Position Authority (Paper #954)
15	Agricultural Stewardship Initiative (Paper #955)
22	UW-Madison Intercollegiate Athletics (Paper #956)
25	Career Counseling and Advising Services (Paper #957)
-	La Crosse Health Science Center Operating Costs (Paper #958)
-	Depreciation Offset for General Purpose Revenue Funds (Paper #959)

AGENCY: UW System

ISSUE: UW Madison Initiative (Paper 950)

ALTERNATIVE: 4

SUMMARY:

UW says they have commitments for \$20 million in private money that is riding on the premise of a public match.

The gov's funding proposal is severely lacking. Not anywhere close to the traditional GPR/tuition split.

Alternative 4 is the regent's scaled down request, with the proper 65/35 split.

Alternative 2 modifies the gov's request by including positions required to carry out the initiative, but does nothing to correct the gpr/pr imbalance. Regardless, this still is more GPR than they would otherwise get, and Sen. Chvala will work to fix in caucus.

By: Bob



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June 1, 2001

Joint Committee on Finance

Paper #950

Funding for UW Madison (UW System)

[LFB 2001-03 Budget Summary: Page 683, #5]

CURRENT LAW

A1+4
A1+2 - Fallback

In 2000-01, the adjusted base budget for the UW System totals approximately \$3,054 million, of which \$1,015 million or 33.2% is funded from state, general purpose revenues. Approximately 81% of the University's GPR adjusted base 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 \$1.3 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 2000-01, UW-Madison's total budget from all fund sources is approximately \$1.5 billion, of which \$606.3 million is derived from GPR and fee revenues.

GOVERNOR

Provide \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$1,000,000 GPR and \$7,000,000 PR in 2002-03 for the second phase of a four-year UW-Madison initiative.

DISCUSSION POINTS

Background

1. The UW-Madison initiative is a four-year public-private partnership between the

state and students and the University's alumni and donors. The original plan, introduced in 1999, called for an investment of \$57 million in state support and tuition over four years (1999-00 through 2002-03) to be matched by \$40 million from the independent UW Foundation and the Wisconsin Alumni Research Foundation (WARF). The UW System originally requested \$57 million in state support and tuition in order to bring UW-Madison up to the median of its peers in the Big 10 in terms of state/tuition support per student. The private money would be used to maintain and ensure the University's margin of excellence.

2. For the first phase of the Madison initiative, the Legislature and Governor agreed to fund \$29.2 million under 1999 Act 9. According to the University, the funding provided in the budget was augmented with a commitment of \$20 million in private funding during the 1999-01 biennium. Private contributions from the Wisconsin Alumni Research Foundation (WARF), the UW Foundation, and one-time funds from the Vilas Trust in 1999-01 totaled \$18.5 million, the balance of \$1.5 million of the \$20 million commitment was set aside in reserve to fund costs related to new faculty hires related to the initiative and additional faculty hires, if available, during the 2001-03 biennium.

3. The original goal of the Madison initiative was to achieve a \$57 million increase in base GPR and tuition funding by the end of the 2001-03 biennium. As a result of the \$29.2 million provided for the initiative under 1999 Act 9, base funding for UW-Madison increased \$20.8 million GPR/Fees by 2000-01. In addition, UW-Madison received base funding increases of approximately \$1.3 million as part of its share of other initiatives in the 1999-01 budget, including funding for libraries and advising.

4. According to UW-Madison, the first phase of the initiative was designed to strengthen the University's human, academic and physical infrastructures. The \$29.2 million provided for the Madison initiative in 1999-01 were used for the following:

Broadening Student Learning Programs. \$3,950,000 over the 1999-01 biennium for improving campus libraries, instructional technology student staffing increases and training, and increased funding for the biological life sciences. Funding for the biological sciences was used to expand introductory courses and upgrade laboratories. In addition, approximately \$1.3 million was allocated to UW-Madison as part of the Governor's systemwide library funding initiative.

Maintaining Affordability. \$500,000 in 2000-01 for need-based grants to students to hold them harmless from the tuition increases associated with the request. As previously mentioned, need-based grants were funded in 1999-00 with one-time funding of \$1,275,000 from the Vilas Trust. During the 1999-00 academic year, about 4,200 undergraduates received \$300 scholarships to offset the tuition increase associated with the first phase of the Madison Initiative. During the second year only 800 students received grants because less funding was available; however, the total grant amount increased to \$600 and was targeted at the most needy students.

Compensation Increases. \$20,100,000 in 1999-01 for competitive compensation increases for 25% of the faculty and academic staff of 2.4% per year and recruitment funds for the salary

costs of new faculty who were replacing retiring or terminating faculty in areas of high demand, such as finance and biomedical engineering.

Strategic Faculty Appointments. \$1,700,000 and 17.0 GPR positions starting in 2000-01 to hire new faculty members in targeted academic areas such as chemical biology, computer engineering, cosmology, cultural studies and economic sociology. UW-Madison plans to add at least 100 new strategic faculty members as part of the initiative. In 2000-01, 49 new faculty were hired under this program, with 32 positions funded through ongoing support from WARF totaling approximately \$3.2 million annually. According to UW-Madison, the new faculty hired under this program brought with them from other institutions, or received, a total of \$13.4 million in federal and private research grant funding.

Facilities Renewal. \$3,000,000 for maintenance, reconditioning and energy conservation projects for existing UW-Madison facilities with approximately \$2.0 million annually in base funding to support ongoing facility renewal projects.

5. While the original goal of the initiative was to increase GPR/fee base support by \$57 million, the UW recognized that this overall goal was unlikely to be met during the 2001-03 biennium. As part of its 2001-03 economic stimulus budget request, the Board of Regents included increased funding for the second phase of the UW-Madison Initiative totaling \$28.0 million (\$18.2 million GPR and \$9.8 million PR) over the biennium and 59.0 GPR positions beginning in 2001-02 and 130.0 GPR positions in 2002-03. New funding during the second phase of the initiative would be focused on program development designed to address the new economy education needs of students and the University's role in statewide economic development and would be allocated for the following purposes:

Student Learning. \$2.1 million in 2001-02 and \$7.9 million with 65.0 positions in 2002-03 to fund the following efforts to broaden student learning: develop and implement instructional technology to improve student learning; expand the number and scope of freshman seminars and integrated learning opportunities; expand existing pre-college programs; and strengthen undergraduate training in international studies.

Economic Development. \$2.8 million in 2001-02 and \$6.3 million with 17.0 positions in 2002-03 to fund the following workforce development initiatives: develop capstone and certificate programs in bio-informatics, computational science and alternative programs leading to teacher certification; develop an e-commerce certificate program and a new virtual-level e-commerce campus institute; establish an environmental biotechnology center; expand the transfer of university research to the private sector; and establish permanent funding for the center for world affairs and the global economy.

Strategic Faculty Appointments. \$1.6 million in 2001-02 and \$3.3 million with 33.0 positions in 2002-03 to hire additional faculty members in targeted academic areas. The additional faculty would achieve the initiative's goal of hiring 100 new strategic faculty hires in emerging areas, funded equally by state funds and WARF. The 33 additional state-funded

faculty requested in 2001-03 would be in areas such as e-commerce, technology and design visualization, molecular imaging, occupational safety and health and infancy/early childhood development. The state-funded positions would be augmented by a promised \$1.8 million from WARF for 18 additional faculty hires in addition to the 32 funded in 2000-01. In addition, WARF would be willing fund a total of 73 additional faculty with ongoing gift funding of \$7.3 million; if full state support were offered, the total number of strategic faculty appointments would be 123, higher than the original goal of 100.

Maintaining Affordability. \$1.5 million in 2001-02 and \$2.5 million in 2002-03 to maintain tuition affordability and provide all UW-Madison students who receive need-based financial aid with sufficient grant funds to offset extra tuition costs associated with the requested funding for the second phase of the Madison Initiative.

6. The Governor's budget bill would provide \$11.8 million, approximately 42% of the total amount requested, for the second phase of the Madison initiative. DOA staff indicate that the recommended level of funding reflects the allocation of scarce state resources and does not represent the rejection of any particular component of the request. The funds would be placed in unallotted reserve due to uncertainty as to how the monies should be allocated among the budget expenditure lines.

7. However, UW staff indicates that without additional GPR positions associated with the funding provided in the Governor's budget, UW-Madison would not be able to make the 33.0 strategic hires or develop new programs because vacant faculty and staff positions are unavailable. The Governor has since requested a modification to the bill to include 85.0 positions for the Madison initiative during the 2001-03 biennium.

8. According to executive budget staff, it is the intent of the Governor's recommendation that the allocation of the proposed funding among the various components of the request be left to the University. UW System staff report that, except for faculty appointments, it is not possible to indicate how the campus would allocate the monies at this time due to the uncertainty of the status of other spending items in the bill that will also impact Madison's budget. Funding provided in the budget for the Madison initiative would form a pool of funds which the campus could distribute among any of the items in the original request or used for other purposes that the UW-Madison views as high priorities.

9. UW-Madison staff indicate that a portion of the funding provided under the Madison initiative could be used, as part of its overall pool of funds, to compensate as needed for the proposed base funding reduction of 5% to the adjusted base relating to administrative costs of UW System's total state operations appropriations. Based upon preliminary budget allocation decision rules, UW-Madison's base would be reduced by approximately \$2.4 million annually. Further base funding reductions or reductions to the funding increases for the systemwide initiatives could cause the campus to use a greater share of the Madison-specific funding to replace those monies and be less able to accommodate enrollment.

10. The Governor's recommendation for the Madison initiative would increase the campus' base funding to \$32.6 million by 2002-03, or \$24.4 million short of the original base funding goal of \$57 million. However, when combined with systemwide initiatives, including a base reduction of \$2.4 million in the Governor's 2001-03 budget, allocated to UW-Madison during the 1999-01 biennium and 2001-03 biennium, total base funding by 2002-03 would fall short of the original funding goal by approximately \$27.5 million.

General Discussion of Additional Funding for UW-Madison

11. The overall goal of the proposed four-year increase in base funding is to maintain the campus' status as one of the premier research universities in the country. The \$57 million figure was based on the premise that the amount of GPR and tuition per undergraduate student at Madison in 1995-96 was \$1,900 less than the median of the public Big Ten Universities in the Midwest, which are generally cited as peer institutions for Madison. When both state appropriations and tuition were considered, the median of the Big Ten institutions was calculated to be \$11,250 per student while the comparable figure for Madison was \$9,350. Madison's tuition was \$900 below the peer median and state support per student was \$1,000 below the median. Multiplying the \$1,900 per student figure by the approximately 30,000 UW-Madison undergraduate students resulted in a total funding difference of \$57 million.

12. UW System staff indicate that the data used to calculate state support per student for the other Big Ten institutions was obtained in a one-time analysis conducted by the Big Ten financial officers using 1995-96 data. Because of necessary adjustments in state support figures to account for differences each state's budget practices and the way each institution is structured, replication of this analysis using 1999-2000 data would involve considerable time and effort on the part of all of the universities. While the institutions involved currently have no plans to update the analysis, it is assumed that Madison's position in relation to its peers has not improved significantly since 1995-96. In 2000-01, annual resident undergraduate tuition and fees at Madison remains below the peer mid-point by more than \$900, while increased state funding for higher education in Wisconsin has lagged that of neighboring states.

13. Historically, UW-Madison's tuition has been consistently lower than tuition at most other public Big Ten universities in the Midwest. However, this trend has begun to change in recent years as tuition for graduate students and nonresidents has increased at a faster pace. Of the nine public Big Ten campuses in the Midwest, Madison's resident undergraduate tuition ranks eighth. However, Madison's tuition rankings are higher for resident graduate students (fifth) and for nonresident undergraduates (second) and graduate students (second). The following table compares annual tuition and fees charged at Madison to those charged at the peer campuses in 2000-01.

	Resident		Nonresident	
	Undergraduate	Graduate	Undergraduate	Graduate
Michigan	\$6,864	\$10,822	\$20,974	\$21,750
Michigan State	5,472	6,317	13,096	12,138
Minnesota	5,047	5,975	13,533	11,102
Illinois	4,994	5,614	12,442	13,124
Indiana	4,363	4,407	13,418	12,148
Ohio State	4,383	6,048	12,732	15,639
Purdue	3,872	3,872	12,348	12,348
UW-Madison	3,788	5,884	14,186	18,594
Iowa	3,128	3,784	10,890	11,454
Average (excl. WI)	\$4,765	\$5,855	\$13,679	\$13,713
Mid-Point (excl. WI)	\$4,689	\$5,795	\$12,914	\$12,248
UW Distance to Mid-Point	-\$901	\$89	\$1,272	\$6,346

14. A number of national rankings are commonly used when judging the overall quality or reputation of a University. U.S. News and World Report ranks Madison 35th among all colleges and universities, public and private in the country—up from 36th since the Madison initiative started—and eighth among public universities. Annually, the Chronicle of Higher Education compiles statistics on private and public postsecondary institutions in the U.S. from a variety of national agencies and organizations and reports these statistics in its annual almanac issue. The following rankings were reported in the August, 2000, issue:

Category	Rank	\$ in Millions (1998-99)
Number of Earned Doctorates	2nd	
Federal Research and Development Expenditures		\$240.5
All Institutions	9th	
Public Institutions	6th	
Total Research and Development Expenditures		419.8
All Institutions	3rd	
Public Institutions	2nd	
Fund Raising (Total Support)		245.4
All Institutions	7th	
Public Institutions	2nd	

15. Based on the criteria measured in the various rankings, it appears that Madison is well-positioned to compete with similar universities nationally. One could argue that the proposed funding for the second phase of the initiative is not necessary at this time, given the additional funding provided to UW-Madison in the 1999-01 budget and other budget priorities. However, the UW-Madison Chancellor argues that the funding for the second phase is needed now to ensure that the University continues to remain competitive in the future because maintaining the campus' current reputation for quality would be less difficult, and less costly, than attempting to regain it.

The campus is important to Wisconsin's economy in that it helps to attract quality students and faculty to the state as well as new businesses, research funding and private support. In addition, cutting the state's commitment to the Madison initiative could jeopardize their fundraising efforts related to the initiative

16. Both the UW-Foundation and WARF have expressed concerns that reductions in the total state and tuition funding of the original four-year plan for the Madison initiative could potentially result in a lesser amount of private funding being provided by the UW Foundation and WARF. Both WARF and UW-Foundation view state/tuition support as essential to the original goals of the Madison initiative, and their own funding role as augmenting, not replacing, state support. As such, if funding for the second phase of the initiative were not to increase, both the UW-Foundation and WARF would likely revisit their planned ongoing contribution of \$5 million annually each with regard to the initiative. According to UW-Madison staff, at this point, WARF remains committed to funding additional strategic faculty hires given the Governor's budget proposal.

GPR/Tuition Split

17. Typically, funding for instruction-related initiatives in the UW System's budget is provided through a combination of 65% GPR and 35% program revenues derived from tuition. The UW System requested funding for all of the initiatives during the 2001-03 biennium based on this 65% GPR/35% PR split. The \$11.8 million provided under the bill would consist of 17% GPR and 83% PR. According to DOA staff, the 17% GPR/83% PR funding split was used because the Governor retained the PR portion originally requested by the University for the second phase of the initiative at the request of the UW System while reducing GPR.

18. In order to restore funding to the 65% GPR/35% PR split, the Committee would need to increase GPR funding or reduce the PR funding authority provided in the Governor's budget. In order to provide the total amount provided in the Governor's budget at the traditional GPR/PR split, GPR funding would need to increase, and PR funding would need to be reduced, by \$1.47 million in 2001-02 and \$4.2 million in 2002-03. In order to restore funding to the UW-Madison request of \$28 million during the 2001-03 biennium, GPR funding would need to increase by \$4.2 million in 2001-02 and \$12.0 million in 2002-03.

19. When combined with the other UW spending items specifically authorized in the bill, funding for the Madison initiative would result in average tuition increases at Madison of 3.7% in 2001-02 and 3.7% in 2002-03, exclusive of increases resulting from the state's compensation plan. These percentage increases represent increases of \$122 in 2001-02 and \$126 in 2002-03 in annual tuition for a full-time resident undergraduate student. If total funding proposed by the Governor were to be provided based on the usual 65% GPR/35% PR split, the estimated increase in annual tuition would be \$64 lower in 2001-02 and \$76 lower in 2002-03 than that resulting from the 17%/83% split provided in the Governor's budget.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$1,000,000 GPR and \$7,000,000 PR in 2002-03 for the second phase of a four-year UW-Madison initiative.

2. Modify the Governor's recommendation, as requested by the administration, to provide 85.0 positions, with 38.0 positions starting in 2001-02 and an additional 47.0 positions in 2002-03 in order to hire additional faculty and staff to carry out the initiative.

Alternative 2	GPR
2002-03 POSITIONS (Change to Bill)	85.00

3. Modify the Governor's recommendation by providing an additional \$1,470,000 GPR in 2001-02 and \$4,200,000 GPR in 2002-03 and deleting \$1,470,000 PR in 2001-02 and \$4,200,000 PR in 2000-01 to provide the funding based on a 65% GPR/35% PR split. Provide 85.0 positions, with 38.0 positions starting in 2001-02 and an additional 47.0 positions in 2002-03 in order to hire additional faculty and staff to carry out the initiative.

Alternative 3	GPR	PR	TOTAL
2001-03 FUNDING (Change to Bill)	\$5,670,000	-\$5,670,000	\$0
2002-03 POSITIONS (Change to Bill)	85.00	0.00	85.00

4. Modify the Governor's recommendation by providing an additional \$4,200,000 GPR in 2001-02 and \$12,000,000 GPR in 2002-03 and 130.0 positions starting in 2001-02 in order to provide full funding for the Madison initiative as requested in the UW-System economic stimulus request.

Alternative 4	GPR
2001-03 FUNDING (Change to Bill)	\$16,200,000
2002-03 POSITIONS (Change to Bill)	130.00

MO# Alt 4

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
WELCH	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

Maintain current law. Under this alternative, \$1,000,000 GPR and \$7,000,000 PR in 2002-03 would be del

Alternative 5	GPR	PR
2001-03 FUNDING (Change to Bill)	-\$2,000,000	-\$9,800,000

in Stott

MO# Alt 2

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
WELCH	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

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