9

Transportation

Other Divisions

(LFB Budget Summary Document: Page 614)

LFB Summary Items for Which Issue Papers Have Been Prepared

Item #	Title
2	Information Technology Infrastructure (Paper #970)
3	Information Technology Salary Increases (Paper #971)
4	Federal Planning Funds (Paper #972)
13	Federal Indirect Cost Reimbursement Appropriation (Paper #973)

(Base) Agency: DOT - Other Divisions
Info Tech Infrastructure

Recommendations:

Paper No. 970: Alternative 1

Comments: Go with the gov here. We're in one of those transitional periods, with all agencies, where we have to fund these types of info tech improvements. Paragraphs 4 through 8 in the FB memo are all reasons to approve the gov.

But, there is no need to accelerate the implementation of this project (i.e. alternative 2). Especially since these big computer database projects seem to always get screwed up in one way or another. We need some accountability and oversight before we give them an additional $652,000.

prepared by: Barry

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May 11, 1999 Joint Committee on Finance Paper #970

Information Technology Infrastructure (DOT -- Other Divisions)

[LFB 1999-01 Budget Summary: Page 614, # 2]

CURRENT LAW

The Department of Transportation has a SEG-Service appropriation for data processing services, which is used to purchase information technology equipment, software and services. The appropriation receives revenue from charges to other DOT appropriations based on usage of data processing services. In 1998-99, expenditures in this appropriation are estimated at $7,374,600.

GOVERNOR

Provide $1,200,000 SEG in 2000-01 to provide base funding for information technology hardware, software and ongoing support of the system. The Department would purchase equipment and software, beginning in 1999-00, using existing expenditure authority in DOT's data processing service appropriation, and the costs would be recovered, beginning in 2000-01, over a period of four years through charges to the departmental management and operations appropriation, which is where the funding in this item would be provided.

DISCUSSION POINTS

1. The funding increase in the bill was provided in response to an item in the DOT's budget request. DOT requested $1,852,600 in 2000-01 to implement an initiative contained in the Department's information technology strategic plan. This initiative would involve the purchase of software, hardware and data processing services supplied by consultants to establish a network and database framework that would allow the completion of various applications designed to improve the access, use and exchange of data. The goals of these applications would be to: (a) improve the Department's decision-making process; (b) make the process of collecting data and developing reports which use data more efficient; and (c) enhance the Department's ability to assemble and

share data with the public, the Legislature, other state agencies and local governments.

2. The bill would provide $1,200,000 in 2000-01, which is $652,600, or about one-third, less than the amount requested. DOT indicates that the provision of this reduced amount would require an evaluation of the relative priorities of the various components of the initiative, but that no decisions have been made as to which parts would not be implemented or would be delayed, or whether fewer software licenses would be purchased. DOA indicates that this amount was provided in the context of overall limits that the Governor placed on the increases provided for DOT's operating divisions.

3. In March, 1997, the Legislative Audit Bureau published an evaluation of DOT's management of the highway program. LAB identified several areas where process improvements could result in enhanced efficiency and improved program delivery. LAB recommended, among other things, that DOT "enhance or develop information systems that provide managers with accurate and timely costs by expenditure type." In addition, DOT was asked to "develop a mechanism to share information on new methods that have been proved successful in one district with all other districts." DOT indicates that the Department's 1998 information technology strategic plan and 1999-01 budget request were developed, in part, to address these recommendations for the highway program, as well as other areas of DOT.

4. The Department indicates that there is no base funding for initiating major information technology initiatives because available base funding is required to maintain existing systems. The bill would provide permanent base funding in DOT's departmental management and operations appropriation for this purpose. The purchase of equipment, software and consultant services would be made through the automation services SEG-S appropriation. These purchases would be charged, on an amortized basis based on the life of the equipment or software, to the departmental management and operations appropriation and paid using the funding provided by the bill.

5. DOT indicates that, over the last twenty to thirty years, information systems were developed without a systematic evaluation of what data systems should be used and how they should be linked. Consequently, data can not always be shared between different functional areas within DOT. The Department's information technology initiative would develop common data systems and convert data existing on the old systems to the new systems and develop a data repository, which is a system for organizing and cataloging data. Once these systems are in place, consistent policies for gathering and recording data could be implemented to facilitate the sharing of data by multiple users and across functional areas. This is expected to reduce duplication in data gathering efforts and make data more widely accessible.

6. In addition to creating a data management system, or repository, the initiative would develop tools intended to make it easier to retrieve and organize data. Currently, data used in decision-making is frequently contained in mainframe-based systems, which may be difficult for some users to access because of the complexity of the required programming. The information technology initiative would allow more extensive use of simpler query tools, which would allow the data to be more readily used.

7. One example of an application that DOT would complete under this initiative is a redesign of the financial and accounting system used in the highway program. Currently, the data system used by highway design engineers is not integrated with the financial accounting system. Consequently, there is no easy way to assemble data on the cost of different types of materials used in construction. The redesign initiative would link these data into a common database so that this type of information could be routinely examined. It is expected that managers would be able to use this data to more effectively make decisions. DOT indicates that this initiative is closely related to the Legislative Audit Bureau's recommendations.

8. Another example of a application that the information technology initiative would make possible is the creation of a complete local roads database. It is expected that such a database would allow for a more complete assessment of the conditions of local roads. In addition, it would allow the mileage certification process to be automated, which would reduce the amount of data entry currently involved with this process.

9. If the Committee decides that this initiative would have important benefits, one alternative to accelerate its implementation would be to provide the full amount that was requested by the Department.

10. DOT indicates that if funding is not provided for creating an information technology infrastructure, this initiative would not be implemented. In this case, DOT would have to continue to use old data storage systems, and would not be able to initiate several projects that are intended to improve and simplify the process of collecting and retrieving data.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to provide $1,200,000 SEG in 2000-01 for information technology equipment, software and consultant services to develop an integrated data system.

Alternative 1	SEG
1999-01 FUNDING (Change to Base)	$1,200,000
[Change to Bill	*$0]*

NO 2. Provide $1,852,600 SEG in 2000-01 for information technology equipment, software and consultant services to develop an integrated data system.

Alternative 2	SEG
1999-01 FUNDING (Change to Base)	$1,852,600
[Change to Bill	*$652,600]*

OK

3. Maintain current law.

Alternative 3	SEG
1999-01 FUNDING (Change to Base)	$0
[Change to Bill	*- $1,200,000]*

Prepared by: Jon Dyck

MO# Alt 1

2 BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
1 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS 0

(Base) Agency: DOT - Other Divisions
Info Tech Salary Increases

Recommendations:

Paper No. 971: Alternative 4 (no action needed)

Comments: No need to give these computer jocks a raise. Paragraph 4 says the state pays these specialists up to 95% of the private market rate already, plus some pretty good benefits. And, DOT pays info tech staff more than most other agencies.

So, their argument that they need to increase salaries doesn't hold water with me (note - if LTSB - used to be WILIS - can find people to hire, than anyone can). Plus, once the Y2K hype dies down next year I think there will be an over-abundance of unemployed computer specialists who will be happy to take a state job with DOT (see paragraph 11, which alludes to this) - of course, that's after they've taken a 3 month vacation paid for by the exorbitant fees they are charging to fix Y2K computer problems.

Alternatively, if the world blows up on January 1^{st}, we won't need as many new staff at DOT.

Alternative 4, maintaining current law, nets you a cool $703,000 to play with later.

But, if people are really hot to give these techno-bureaucrats a pay increase, you could, grudgingly, go with alternatives 2(b) and 3 (together as a package).

prepared by: Barry

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May 11, 1999 Joint Committee on Finance Paper #971

Information Technology Salary Increases (DOT -- Other Divisions)

[LFB 1999-01 Budget Summary: Page 614, #3]

CURRENT LAW

The Department of Transportation has 134 information systems positions in the Division of Business Management, who perform computer programming and data management functions for the Department.

GOVERNOR

Provide $442,000 SEG in 1999-00 and $261,300 SEG in 2000-01 to provide funding for discretionary salary increases for certain DOT information systems employes, with the intention of increasing the retention of these employes.

DISCUSSION POINTS

1. The funding increase in the bill was provided in response to an item in the Department of Transportation's budget request. DOT requested $480,500 in 1999-00 and $494,900 in 2000-01 to provide discretionary compensation awards (DCAs) for information systems (IS) employes in order to improve retention. This is the amount that would be required to provide, on average, a DCA equal to a two-step increase ($0.82 to $1.34 per hour) within their pay range for all IS employes in the Division of Business Management who are eligible for DCAs (with a 3% inflationary increase in the second year). The bill would provide less than the amount requested (-$38,500 in 1999-00 and -$233,600 in 2000-01). DOA indicates that these reductions were made in the context of overall limits that the Governor placed on the increases provided for DOT's operating divisions.

2. Salary increases provided in the first fiscal year of a biennium are funded in the next biennium through the full funding of salary and fringe benefits standard budget adjustment. This adjustment provides the difference between the amount budgeted in the salary and fringe benefit lines of an appropriation in the base year and the actual salary levels on July 1 of that year. Consequently, DCAs provided prior to the end of the first fiscal year would be included in this adjustment, but agencies must fund these increases during the second fiscal year.

3. The bill would allow DOT to provide DCAs without having to absorb the costs during the biennium in which they are given. Normally, funding is not provided for this purpose, but instead agencies must use savings from turnover or from other sources. The bill would not provide funding to any other state agency for this purpose.

4. According to a March, 1999, survey of salaries for state IS employes conducted by the Department of Employment Relations, the wages paid by state agencies for most IS classifications are between 75% and 90% of private sector IS wages. These salary differences may make it difficult to retain IS employes in state jobs. However, the wages that DOT pays are among the highest for state agencies for several IS classifications.

5. The Department provided DCAs at the end of 1997-98 to IS employes totaling $401,000. This funding was available from salary savings due to high turnover, as well as one-time savings associated with a reduction in computer processing rates charged by DOA and the postponement of the replacement of computer hardware. DOT does not expect to have significant savings available to use for this purpose during the 1999-01 biennium.

6. Providing DCAs in late 1997-98 may have been effective in reducing turnover. In 1997-98, prior to the offering of DCAs, there were 23 employes out of a total of 134 non-managerial IS staff that terminated, which is a 17% turnover rate. In the first half of 1998-99, after DCAs were provided, the turnover rate was only 3%. Ongoing funding for DCAs provided in 1997-98 would be provided in the 1999-01 biennium through the full funding of salaries and fringe benefits standard budget adjustment.

7. DOT indicates that turnover causes significant disruptions in the data processing functions of the Department. This is because, in part, the data systems are often old and complex. Extensive training is required before a new employe can work with these systems. This training causes many lost programming days for both the new employe and the experienced staff who must conduct the training.

8. Since the bill would provide an amount that is larger in 1999-00 than in 2000-01 by $180,700, the Department would not be able to fully fund increases provided in the first year into the second, unless this difference can be absorbed through expenditure reductions in other areas. DOT indicates that instead of providing permanent salary increases with this increment, one-time, lump sum awards may be used.

9. In calculating the amount that would be sufficient to provide, on average, a DCA equal to a two-step pay increase for all eligible IS employes, DOT assumed a full year of funding would be needed in 1999-00. This would allow sufficient funding to provide the full amount of DCAs at the beginning of 1999-00. However, since DCAs may be given throughout the year, a full year of funding may not be needed to provide this level of DCAs. If half the requested amount were provided in 1999-00 ($240,300), rather than the full annualized amount ($480,500), then DCAs could be distributed evenly throughout the year. To provide sufficient funding to continue those increases throughout 2000-01 (allowing for a 3% increase in that year), funding of $494,900 would be needed. This alternative would provide $201,700 less than the bill in 1999-00 and $233,600 more than the bill in 2000-01, for a net increase of $31,900, but would allow a higher level of permanent salary increases to be provided.

10. Funding increases of $120,100 in 1999-00 and $247,500 in 2000-01, which would be less than the amounts provided by the bill by $321,900 in 1999-00 and $13,800 in 2000-01, would allow DOT to provide DCAs equivalent to, on average, a one-step pay increase ($0.41 to $0.67 per hour) for all eligible IS employes, with the awards distributed evenly throughout 1999-00.

11. The current market conditions may make it difficult for DOT to retain IS staff, but the situation may change in the future. The bill would provide funding that would remain in DOT's base and would allow further DCAs in future biennia. Since future market conditions are uncertain, one alternative would be to specify that the funding provided for DCAs would be taken out of the base for the purpose of preparing the 2001-03 budget. In preparing its budget request for the 2001-03 biennium, therefore, DOT would be required to justify the need for funding for DCAs given the market conditions prevailing at that time.

ALTERNATIVES TO BASE

NO

1. Approve the Governor's recommendation to provide $442,000 SEG in 1999-00 and $261,300 SEG in 2000-01 to allow DOT to provide discretionary compensation awards for information systems employes.

Alternative 1	**SEG**
1999-01 FUNDING (Change to Base)	$703,300
[Change to Bill	*$0]*

NO

2. Provide one of the following amounts for discretionary compensation awards:

NO

a. $240,300 SEG in 1999-00 and $494,900 SEG in 2000-01, which would allow DOT to provide discretionary compensation awards equivalent to, on average, a two-step pay increase for all eligible IS employes, with the awards distributed evenly throughout 1999-00.

Alternative 2a	SEG
1999-01 FUNDING (Change to Base)	$735,200
[Change to Bill	*$31,900]*

OK b. $120,100 SEG in 1999-00 and $247,500 SEG in 2000-01, which would allow DOT to provide discretionary compensation awards equivalent to, on average, a one-step pay increase for all eligible IS employes, with the awards distributed evenly throughout 1999-00.

2b+c together (2nd choice)

Alternative 2b	SEG
1999-01 FUNDING (Change to Base)	$367,600
[Change to Bill	*- $335,700]*

OK 3. Specify that the increases provided for discretionary compensation awards shall not be considered part of the base for the purposes of preparing the 2001-03 biennial budget.

#1 4. Maintain current law.

Alternative 4	SEG
1999-01 FUNDING (Change to Base)	$0
[Change to Bill	*- $703,300]*

Prepared by: Jon Dyck

MO#________________

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE ____ NO ____ ABS ____

(Base) Agency: DOT - Other Divisions
Federal Planning Funds

Recommendations:

Paper No. 972: Alternative 2(a) & (b)

Comments: No agency has more leeway and discretion with so much state money as WisDOT. I often get the impression that they view the legislature and the Finance Committee as a mere nuisance that sometimes delays them from doing what they will ultimately do anyway. They have such huge pots of money to play with and so few strings attached, that there really isn't any effective oversight of this agency by the legislature or the TPC. And I'm pretty certain their accountants go out of their way to make things as complicated as possible for people outside the agency to understand.

Add federal money into this mix and it's a total disaster. WisDOT is like a kingdom unto itself.

Anyway, they are trying to pull another fast one here by locking up federal planning money in an account that is probably more appropriately funded by other federal revenue categories. FB memo paragraphs 3, 4 and 5 detail what's going on and outline the basis for choosing Alternative 2(a) & (b) - which funds WisDOT's needs with more appropriate federal funding categories. You are essentially funding DOT's request, but shifting the federal funding source from one pot to another

(you might want to ask FB to explain this complicated matter in more detail)

Alternative 2(c) is not needed because DOT will <u>always</u> find a way to come up with state matching funds if we can access more federal money. We don't need to set that aside for them now.

(note: your alternative frees up $950,000 federal dollars for better uses later on)

Burke Motion: Regarding long-range planning oversight (see next page).

prepared by: Barry

Paper # 972: Burke Motion

- Requires legislative oversight of DOT's long-range plans (roads, transit, air, and rail).

- These plans presuppose large revenue increases in the future. For example, the current 20-year State Highway Plan calls for $20.2 billion to be spent through the year 2020. If fully implemented, this would require $4.2 billion in new revenue over the 20 year period, and result in a 6-7 cent per gallon gas tax increase.

- These plans, especially the State Highway Plan, have a way of showing up - as a good plan should - in the DOT's annual budget requests. So, essentially, we have a bunch of bureaucrats pushing state policy toward higher and higher gas taxes - without any legislative oversight at the planning stage.

- I bet less than 5 legislators, if that many, submitted written comments to DOT concerning their current 20-year State Highway Plan.

- The currently proposed 20-year State Highway Plan includes 2,800 more lane miles. Dozens of new bypasses. A 66% increase in Major Highway Projects funding (which is $137 million more per year than is currently allocated). A 15% increase in State Highway Rehabilitation funding to $615 million annually.

- Every 2 years the State Highway Plan produces 6 major new projects at $40-$80 million for each project. This $200 million annual expenditure doesn't really have any legislative input at the front-end (when the planning is being done). We are just expected to react to what is essentially a "done-deal" by the time it gets to the Finance Committee.

- Last session this Committee passed a moratorium on new major projects because of a concern over rising gas taxes, an Audit Bureau report that showed funding for Major Highway Projects had increased 98% between 1987 and 1997, and debt service payments on major project bonding grew by 180% from 1987 to 1997.

- The Transportation Projects Commission has never modified WisDOT's major project enumeration recommendations. It's time to stop rubber-stamping bureaucratic decisions that force us to raise gas taxes. Let's have some legislative review at the front end of the process.

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May 11, 1999 | Joint Committee on Finance | Paper #972

Federal Planning Funds (DOT -- Other Divisions)

[LFB 1999-01 Budget Summary: Page 615, #4]

CURRENT LAW

Federal transportation law requires each metropolitan area with a population greater than 50,000 to have a designated metropolitan planning organization (MPO) representing local governments. MPOs are responsible for developing long-range transportation plans for their metropolitan areas and for developing transportation improvement programs (TIPs), which are schedules of all transportation projects that will be constructed using federal transportation aid during the next several years. The state may not use federal aid for a project in a metropolitan area unless the project has been placed on an MPO's TIP. MPOs also perform other duties related to transportation issues, such as pavement management, mapping, land use planning and studies of new transportation facilities, such as highways or transit projects.

The state, as a condition of using federal transportation aid, must develop statewide transportation plans and also must develop a statewide TIP. The state must consult with MPOs in developing these plans and programs. In addition, the state performs transportation research using federal aid on topics such as pavement and bridge materials, soils and anti-icing techniques.

The state budgets for federal transportation planning and research funds through two DOT appropriations: (a) departmental management and operations; and (b) highway administration and planning. The amount of federal highway funds in the departmental management and operations appropriation in 1998-99 is $8,575,600. Of this amount, about $2.6 million was distributed to MPOs and the remaining $6.0 million was used for statewide or regional planning. The amount of federal highway funds used for research in the highway administration and planning appropriation in 1998-99 is $2,396,700.

GOVERNOR

Provide $168,100 SEG and $672,400 FED in 1999-00 and $144,100 SEG and $672,400 FED in 2000-01 for transportation planning and research. The increase is an allocation of anticipated higher levels of federal highway and transit aid. Of these amounts, $100,100 SEG and $400,400 FED in 1999-00 and $58,200 SEG and $400,400 FED in 2000-01 would be provided in DOT's highway administration and planning appropriations and $68,000 SEG and $272,000 FED in 1999-00 and $85,900 SEG and $272,000 FED in 2000-01 would be provided in DOT's departmental management and operations appropriations. The funds provided in the highway administration and planning appropriations would be for transportation research while the funds provided in the departmental management and operations appropriations would support statewide planning functions and the regional transportation planning functions of the state's metropolitan planning organizations. The SEG funds are the estimated amounts that, when combined with available base funding, would provide the required 20% nonfederal match.

DISCUSSION POINTS

1. In its budget request, DOT asked for an increase in federal planning and research funding in anticipation of an increase in the total amount of federal transportation aid that the state will receive during the 1999-01 biennium. In addition, an increase in state funding was requested to provide the required 20% match for the use of federal research and planning funds. The bill would provide the requested funding.

2. The amount provided for the state match in the bill is equal to 20% of the total federal and state increase in 1999-00, but is less than 20% in 2000-01. The SEG amount provided to match federal highway research funding in 2000-01 ($58,200) is $41,900 less than what would be required to provide a full 20% match. According to DOT, this is because there will be base resources available in that year, which will not be available in 1999-00, to provide a portion of the match. The SEG amount provided to match federal planning funding in 2000-01 ($85,900) is $17,900 higher than the amount that would be required to fund a 20% match. DOT indicates that a higher amount was requested in order to have additional funds available to match federal discretionary planning grants if such funding becomes available. Reducing the SEG amount to provide only the amount necessary to provide a 20% match would require that base SEG resources be used to match any unanticipated federal grants.

3. Although DOT uses primarily federal highway aid as the federal funding source for planning and research, other federal funding sources are also used. For instance, DOT has received discretionary federal grants, which are provided to the state in addition to federal highway aid, to fund transportation research projects. Similarly, federal transit funds are used for metropolitan planning. Although funds from these sources are received and used by DOT, the amounts are not always reflected in the departmental management and operations and highway administration and planning appropriations. The bill would provide the federal increases using only federal highway funds. A portion of the increase that the bill would provide, however, could be provided with

federal discretionary research funds and transit planning funds, which would allow the federal highway funds that the bill would provide to be used for other purposes.

4. DOT indicates that in developing this budget request item, the goal was to adjust the highway planning and administration appropriation to reflect the level of research activity that the Department expects to conduct during the biennium. No explicit assumptions were made, however, regarding what source of federal funds would be used. Based on past experience, it is expected that the state will receive about $500,000 annually in federal discretionary highway research funding during the 1999-01 biennium. DOT indicates that adjusting the highway administration and planning appropriation to reflect this amount, rather than providing $400,400 in federal highway aid, would allow the Department to have about the same size of research program as was anticipated in the request.

5. Similarly, it is expected that the state will increase its use of federal transit planning funds by about $68,000 annually. Adjusting the departmental management and operations appropriation to reflect this amount would allow an equivalent reduction in federal highway funds from the amount provided by the bill. DOT anticipated using transit planning funds for this purpose when the budget request was made, but the bill would use only federal highway funding. Consequently, substituting federal transit planning funds for federal highway funds would not change the total amount of planning funds that would be spent relative to the amount DOT requested.

6. If no increases are provided for planning and research, DOT indicates that some MPO activities would not receive the level of funding as had been planned. For instance, DOT has planned to use federal funding to help MPOs fund the completion of digital, aerial photographs of some of the metropolitan regions, which are done every ten years and are used in transportation and land-use planning. Some or all of the funding that would have been used for this purpose may not be available if additional federal funds are not provided. This would either require the MPOs to pay for a larger share of the cost of the aerial photography or delay its completion.

ALTERNATIVES TO BASE

NO 1. Approve the Governor's recommendation to provide $168,100 SEG and $672,400 FED (from federal highway aid) in 1999-00 and $144,100 SEG and $672,400 FED (from federal highway aid) in 2000-01 for transportation planning and research.

Alternative 1	FED	SEG	TOTAL
1999-01 FUNDING (Change to Base)	$1,344,800	$312,200	$1,657,000
[Change to Bill	*$0*	*$0*	*$0]*

#16-0

2. Provide one or more of the following:

a. $100,100 SEG and $500,000 FED (from federal discretionary research funds) in 1999-00 and $58,200 SEG and $500,000 FED (from federal discretionary research funds) in 2000-01 for highway research;

Alternative 2a		FED	SEG	TOTAL
1999-01 FUNDING	(Change to Base)	$1,000,000	$158,300	$1,158,300
	[Change to Bill	$199,200	*$0*	*$199,200]*

b. $68,000 SEG and $272,000 FED ($204,000 from federal highway aid and $68,000 from federal transit planning aid) annually for transportation planning;

Alternative 2b		FED	SEG	TOTAL
1999-01 FUNDING	(Change to Base)	$544,000	$136,000	$680,000
	[Change to Bill	$0	*$0*	*$0]*

NO

c. $17,900 SEG in 2000-01 to establish additional matching funds for use if the state receives any unanticipated federal discretionary planning grants.

Alternative 2c		SEG
1999-01 FUNDING	(Change to Base)	$17,900
	[Change to Bill	*$0]*

NO

3. Maintain current law.

Alternative 3	FED	SEG	TOTAL
01 FU[illegible]	$0	$0	$0
[illegible]	*$1,344,800*	*- $312,200*	*- $1,657,000]*

MO# 2a+b

2 BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
1 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS 0

MO# 2c

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
D SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
1 GARD	Y	N	A
2 PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 13 NO 3 ABS ____

Senator Burke

TRANSPORTATION -- OTHER DIVISIONS

DOT Long-Range Transportation Plans
[Paper #972]

Motion:

Move to require DOT to submit all long-range transportation improvement plans in draft form to the Joint Committee on Finance for review under a 14-day passive review process, prior to the adoption of a final plan. Specify that if the Committee notifies DOT of its intent to schedule a meeting to consider the plan that DOT may not adopt a final plan until the Committee has taken action on the draft plan. Provide that the Committee may either endorse the draft plan or require DOT to reconsider particular elements of the draft plan. Specify that if the Committee requires DOT to reconsider any elements of a draft plan, DOT must submit a revised draft plan for review under the same process.

MO#________

1 BURKE	Y	N	A
2 DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS 0

Motion #705

Representative Gard

TRANSPORTATION -- OTHER DIVISIONS

MPO Long-Range Transportation Plans
[Paper #972]

Motion:

Move to require all metropolitan planning organizations (MPOs) to submit all long-range transportation improvement plans in draft form to the Joint Committee on Finance for review under a 14-day passive review process, prior to the adoption of a final plan. Specify that if the Committee notifies the MPO of its intent to schedule a meeting to consider the plan that the MPO may not adopt a final plan until the Committee has taken action on the draft plan. Provide that the Committee may either endorse the draft plan or require the MPO to reconsider particular elements of the draft plan. Specify that if the Committee requires the MPO to reconsider any elements of a draft plan, the MPO must submit a revised draft plan for review under the same process.

MO#

	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
1	GARD	Y	N	A
2	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 8 NO 8 ABS 0

Motion #320

(Base) Agency: DOT - Other Divisions
Federal Indirect Cost Reimbursement
Appropriation (aka: "Slush Fund")

Recommendations:

Paper No. 973: Alternative 2 (no action needed)

Comments: This paper would be more accurate if titled, "Creating a New Slush Fund for DOT."

A recent change in federal law lets the agency set up this type of slush fund, but that doesn't mean we should agree to it. DOT doesn't have any plans or procedures in place regarding how they intend to manage this account (see paragraph 6). DOT says they intend to come back to the legislature or the Finance Committee at some time to request funding transfers, but they would not be required to do so under the gov's proposal.

Paragraph 7 says it all. This new slush fund "would give DOT more flexibility" but "continuing to fund these costs through SEG appropriations would enhance legislative review of DOT's administrative costs."

Just say no to agency slush funds. Finance Committee slush funds, on the other hand, have some merit.

prepared by: Barry

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May 11, 1999 Joint Committee on Finance Paper #973

Federal Indirect Cost Reimbursement Appropriation (DOT -- Other Divisions)

[LFB 1999-01 Budget Summary: Page 617, #13]

CURRENT LAW

State agencies are allowed to receive reimbursements from the federal government for the indirect costs of administering programs that are funded with federal aid or grants. These reimbursements can be used for administrative purposes, program purposes, funding of positions, payment of federal aid disallowances or other purposes authorized by law.

A recent change in federal law allows state agencies charged with administering federal transportation programs to be reimbursed for indirect administrative costs, such as procurement, accounting, payroll, personnel, data processing and facilities management.

GOVERNOR

Create a federal, continuing appropriation for indirect cost reimbursements associated with administering federal transportation programs. Specify that the appropriation could first receive reimbursements of indirect costs incurred on the effective date of the bill.

DISCUSSION POINTS

1. The federal indirect cost appropriation would be used to pay the costs of functions that cannot easily be assigned to a single program, but which are necessary for the operation of multiple federal programs. For instance, an accounting system must be established to track the encumbrance and expenditure of federal highway funds. Since this system serves many programs, the cost of establishing and maintaining it cannot easily be allocated to one FED appropriation. Under current law, this cost is paid with state transportation fund dollars.

2. The appropriation created by the bill would initially have no funding. DOT

indicates that a transfer of funds from federal program appropriations to this appropriation would be requested after the federal government approves the state's plan for indirect cost reimbursement. Eventually, the full cost of various functions associated with the federal programs, such as accounting, payroll, procurement or data processing would be paid from this appropriation. The funding would be transferred from the various Department of Transportation FED appropriations based on an indirect cost rate. For instance, the cost of performing payroll functions may be allocated based on the number of FTE in each FED appropriation.

3. Establishing an indirect cost appropriation would not increase the amount of federal aid received by the state. Instead, a portion of the funding that the state currently receives would be reallocated to the indirect cost appropriation from other FED appropriations. This would reduce the amount of federal highway aid that could be spent directly on transportation programs. It could, however, also reduce the amount of state transportation fund revenue that needs to be spent on performing these administrative functions.

4. Other state agencies, such as the Departments of Agriculture, Trade and Consumer Protection, Health and Family Services and Natural Resources, currently have federal indirect cost appropriations. In the case of most of the federal programs administered by these agencies, the amount of the federal indirect cost reimbursement is established as a percentage of the total program payment, and this amount is received in addition to the program grant. Any amounts received as indirect cost reimbursement cannot be spent on the program for which the grant is received.

5. The advantage of establishing indirect cost appropriations in programs where a portion of the federal aid is received specifically for indirect cost reimbursement is to allow for the expenditure of those funds on indirect costs. The payment of these costs with federal funds may allow state funds that would have otherwise been used for indirect costs to be used for other purposes. In the case of the proposed DOT indirect cost appropriation, the federal funds would not be received specifically for the purpose of paying indirect costs, but would instead be a set-aside of total federal program funds Although the costs that are paid through this appropriation would otherwise be paid for by SEG funds, the FED funds that would be placed in this appropriation could otherwise be used for transportation programs.

6. The procedures that DOT would use to allocate indirect costs to the Department's federal programs have not yet been developed. DOT would be required to get the approval of the Federal Highways Administration for any plan for indirect cost reimbursement. In addition, since the bill would not provide any funding in this appropriation, it is DOT's intent to request funding transfers from other FED appropriations, either from the Joint Committee on Finance, under s. 13.10, or in a subsequent biennial budget request. If DOT does make such a request, the Committee or the Legislature would have the opportunity to consider the advantages or disadvantages of using federal aid to reimburse indirect costs.

However, DOT would not be required to make such a request or obtain the Committee's or the Legislature's approval to make transfers of federal funds for this purpose.

7. The creation of a federal indirect cost appropriation would give DOT more flexibility in paying administrative costs. However, continuing to fund these costs through SEG appropriations may enhance legislative review of DOT's administrative costs.

ALTERNATIVES TO BASE

NO 1. Approve the Governor's recommendation to create a federal indirect cost appropriation for DOT.

#10 2. Maintain current law.

Prepared by: Jon Dyck

MO#____________________

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE ____ NO ____ ABS ____

Burke Motion
DMV, Free-Standing
Pretrial Intoxicated Driver Intervention Program

- Currently, 5 counties participate in this program, Milwaukee, Eau Claire, Marathon, Waukesha and Kenosha. The program focuses on reducing the problem of repeat OWI offenders.

- These programs are funded with a combination fed and state or local match. The fed funds were meant to be seed money & were only supposed to last 3 years. These programs have been funded for 5 years, so it's unclear whether federal funding will continue to be available (applications are due 6/1/99).

- This motion will ensure these very successful programs will continue to be funded, even if fed. funding lapses.

- Someone may suggest we use OWI Surcharge lapse funds, however, this is not a reliable source of income & would not provide a permanent funding solution for these programs.

- DOT supports this, as do all the Sheriff's of the counties involved & DA offices as well.

- See attached memos from DOT & Sen. Grobschmidt

Senator Burke

TRANSPORTATION -- OTHER DIVISIONS

Pretrial Intoxicated Driver Intervention Grant Program

Motion:

Move to increase funding for the pretrial intoxicated driver intervention grant program by $265,000 SEG in 1999-00 and $464,700 SEG in 2000-01. Eliminate the $500,000 limit on the total amount of grants DOT may make under the program.

Note:

The pretrial intoxicated driver intervention grant program provides grants to local governments or nonprofit organizations to administer programs that enroll defendants who are arrested for a second or subsequent operating while intoxicated offense, prior to the trial for that offense. The programs must, among other things, monitor and treat the defendant's use of intoxicants in order to reduce the incidence of abuse. Defendants are required to pay a reasonable fee to participate in the program.

The state grant program was created by 1997 Act 27, and funded at $150,000 SEG annually. A limit of $500,000 was placed on the amount of grants that could be made under the program. This motion would provide funding sufficient to replace federal alcohol incentive grant funds that are currently being provided to grant recipients and to provide for anticipated growth in the programs administered by these recipients. DOT indicates that because of changes in the federal grant criteria, it is uncertain whether the state will continue to be able to use these federal funds during the biennium.

There are currently five counties (Eau Claire, Kenosha, Marathon, Milwaukee and Waukesha) that are receiving funds to administer pretrial intervention programs. If additional funds are provided and the state does receive federal alcohol incentive grant funds, the additional funds could be used to provide grants to local governments or nonprofit organizations who are not currently receiving the grants.

[Change to Base: $729,700 SEG]
[Change to Bill: $729,700 SEG]

Motion #466

MO#______________________

1	BURKE	Y	N	A
2	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 11 NO 5 ABS _____

(Base) Agency: DOT - Other Divisions

Recommendations:

Paper No. LFB Summary Items for Which no issue paper has been prepared:

Comments: These all seem fine. **Action is needed**, since this is a base agency.

But, if Gard wants to mess around with any of them, hold Item #5 (Fleet Inflation) over for a later time. It's almost $500,000. Maybe DOT employees could drive less in the next 2 years.

Prepared by: Barry

TRANSPORTATION

Other Divisions

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
5	Fleet Inflation
7	Soil Map Funding
8	Office of Organizational Development Services
9	Federal Traffic Safety Funds
10	Rent and Leasehold Improvements
11	Rent Transfer for Wisconsin Rapids District Office
12	Upgrade Office Space

LFB Summary Item to be Addressed in a Subsequent Paper

Item #	Title
6	DOT Vehicle Fleet Transfer to DOA

MO# exclude items 5 and 7

1	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
2	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 16 NO 0 ABS 0

TRANSPORTATION

Vote

Other Divisions

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
5	Fleet Inflation
7	Soil Map Funding
8	Office of Organizational Development Services
9	Federal Traffic Safety Funds
10	Rent and Leasehold Improvements
11	Rent Transfer for Wisconsin Rapids District Office
12	Upgrade Office Space

LFB Summary Item to be Addressed in a Subsequent Paper

Item #	Title
6	DOT Vehicle Fleet Transfer to DOA

MO#

2	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
1	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 16 NO 0 ABS 0

University of Wisconsin Hospital and Clinics Authority

(LFB Budget Summary Document: Page 618)

LFB Summary Items for Which an Issue Paper Has Been Prepared

Item #	Title
1&2	Bonding Authority (Paper #980)

Gov Agency: UW Hospital & Clinics Authority

take up last

Recommendations:

Paper No.: 980 Part A Alternative 2
Part B Alternative 2 (all other Dem. Staff say their boss will be voting for B1)

Comments: See pages 2 & 3, paragraphs 6 & 7 in support of Part A, Alternative 2. Even Bob Brandherm, DOA, Div. Of Facilities Development, thinks the additional bonding authority makes sense.

Part B, Alternative 2, this will allow UW to purchase another hospital or clinic in the future through this bonding process. Gordon Derzon is supportive of this alternative.

All other Dem staffers indicated they were supporting Alternative 1, which would not be horrible. UW could still get bonding for the purchase of a hospital or clinic through WHEFA and they can always come back to the legislature in the future to request that this limitation be removed.

Possible motion by someone else: Broydrick & Amy (formerly of Brancel's office, currently with Blue Cross) are shopping around a motion on behalf of Blue Cross that would specify that none of the funds from the UW's bonds or WHEFA bonds could be used directly or indirectly to finance the purchase of an HMO or insurance company. Gard has agreed in principle to do this if he likes the analysis he gets from LFB. Gard has told Amy that he'd really like it to be a Gard/Burke motion.

Kara, Bill & Amy say this would level the playing field with the way in which they have to go out & get financing if they want to buy an insurance company or HMO. They'd like this restriction to be placed on all WHEFA bonding requests, but they don't know how to accomplish that, so they're willing to chip away at it by singling out the UW Hospital.

Prepared by: Cindy

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April 20, 1999 Joint Committee on Finance Paper #980

Bonding Authority (UW Hospital and Clinics Authority)

[LFB 1999-01 Budget Summary: Page, 618 #1&2]

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 $50 million. 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 $40 million. Prohibit the Authority from issuing bonds for the purpose of purchasing a clinic or hospital, beginning with the effective date of the bill.

DISCUSSION POINTS

1. In April, 1997, the Authority issued $50 million in 30-year bonds. A portion of the

bond proceeds was used to repay the line of credit payable to Firstar Bank and the remaining bond proceeds were designated to finance capital projects. Principal payments on the bond issue are due annually commencing in April 2010 through April 2026.

2. The projects to be financed with the $50 million bond issuance in April of 1997 are projected to total $47,450,000 and include: (a) purchase of the University Station Clinic building ($6,950,000); (b) land acquisition for and construction of a Madison east side ambulatory care facility ($14,100,000); (c) renovation of a portion of the primary hospital building into an outpatient treatment center, remodeling of space vacated by clinics relocating into the new treatment center and purchase of fixed equipment ($8,100,000); (d) the remodeling of the cardiac intensive care unit ($1,000,000); (e) a three module medical school addition, which will provide office and research space for several UW Medical School departments and the Wisconsin Institute for Respiratory Research ($6,000,000 of a total project cost of $15,400,000); (f) land acquisition for and construction of a Madison west side ambulatory facility ($7,200,000); and (g) land acquisition for and construction for an administrative services facility ($4,100,000).

3. The Authority has not incurred any indebtedness from WHEFA. Created by Chapter 304, Law of 1973, WHEFA is a public corporation, which originally provided low-cost capital financing for nonprofit health care institutions. In 1987, WHEFA was further authorized to issue revenue bonds both for private nonprofit educational facilities and for nonprofit continuing care facilities. Bonds issued by WHEFA are not considered state debt and the state has no obligation to repay WHEFA debt if its revenues are insufficient to meet debt service costs. As of June 30, 1998, WHEFA had outstanding revenue bonds totaling approximately $4 billion.

4. In December of 1998, the Authority submitted a request to DOA to remove the current $50 million bonding cap to enable the Authority to issue additional bonds for future projects. The Authority estimated that an additional $47.5 million in the 1999-01 biennium would be needed for the following capital projects: (a) expansion of the number of hospital operating rooms ($13.7 million); (b) expansion of the pediatric intensive care unit ($5.9 million); (c) relocation of the medical flight program ($2.7 million); and (d) construction of the southwest expansion to the Hospital which would include space for radiology, the emergency department, rehabilitation medicine, medical records, respiratory therapy, clinical labs, pharmacy, central services and plan engineering ($25.2 million).

5. The Governor's budget proposal would provide a $40 million bonding increase for the Authority, resulting in an authorization of $90 million. Staff from DOA indicate that this is the amount of bonding and indebtedness initially recommended by the Governor when the Authority was created under 1995 Act 27. Under the Governor's recommendation, because the Authority did not receive the full amount it requested, it would have to reduce costs associated with the projects, which could result in a reduction of the scope of the projects, seek alternative financing, or return to the Legislature for additional bonding authority if needed.

6. At the agency budget hearing on March 24, 1999, the chief executive officer of the Authority indicated that the Governor's recommended bonding increase is not sufficient to allow the Authority to implement its projects. In addition, more recent information provided by the architects

indicates that an additional space could be constructed in an excavated section in front of the Hospital to enable the relocation of ambulatory programs currently occupying inpatient space. The estimated additional cost of this project is $9.0 million resulting in a total cost of $56.5 million for all of the new projects. On April 7, 1999, the Authority Board of Directors approved a resolution revising the total estimated costs for the projects to $56.5 million and reaffirmed its previous decision to proceed with detailed architectural plans for the projects.

7. In support of its request for additional bonding authority, the Authority indicates that its financial consultant and previous bond underwriter have advised the Authority that the Hospital can support substantially more bonding and that dividing required bonding over two separate issues is more costly and is not advisable. In addition, the Authority notes that it is solely responsible for repaying its debt and no liability accrues to the State or the University. However, although there is no legal obligation, questions could be raised as to whether the state would decline to assist the Authority, if for some reason the Authority encounters significant problems.

8. The Committee could provide sufficient bonding authority to cover estimated costs for all of the above-identified projects. This would result in an increase of $16.5 million in bonding authority for a total bonding and indebtedness limitation of $106.5 million for the Authority.

9. The Governor's recommendations would also prohibit the Authority from issuing bonds for the purpose of purchasing a clinic or hospital, beginning with the effective date of the bill, although the Authority could borrow from WHEFA or other lenders to purchase clinics and hospitals. Staff from DOA indicate that this provision was included due to concerns that the additional bonding could be used to purchase a clinic or hospital and it was felt that the Authority should use its own money or other financing to make such a purchase.

10. The Authority states the while it has no plans to purchase a hospital or clinic in the foreseeable future, it believes that this constraint is unnecessary and should be deleted. Under this alternative, the Authority could use bonding for any corporate purpose.

11. However, one could argue that the limitation could be retained because: (a) the Authority has stated that it has no current plans to purchase a hospital or clinic; and (b) the Authority could use other sources of funding to pay for such a purpose. If later, the Authority wishes to purchase a hospital or clinic with bonding, it could request at that time that the limitation be removed and the Legislature could then review the Authority's plans and fiscal condition.

ALTERNATIVES

A. Bonding Alternatives

1. Approve the Governor's recommendation to increase the amount of bonds the Authority's could issue or the indebtedness it could incur by $40 million.

2. Modify the Governor's recommendation by increasing the amount of bonds the Authority could issue or indebtedness it could incur by additional $16.5 million. This would provide for a total statutory limitation of $106.5 million.

3. Maintain current law, which would maintain the current $50 million limit.

B. Bonding Use Limitation

1. Approve the Governor's recommendation to prohibit the Authority from issuing bonds for the purpose of purchasing a clinic or hospital, beginning with the effective date of the bill.

2. Maintain current law.

Prepared by: Tricia Collins

MO# B-2

1 BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 14 NO 2 ABS ____

MO# A-2

1 BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 15 NO 1 ABS ____

(Gov) Agency: UW -- Funding for UW-Madison
(The Madison Initiative)

Recommendations:

Paper #985: A-3 or motion

Comments: The gov wants to provide an additional $30 million over the biennium for UW-Madison, using a 50/50 split between GPR and tuition. All the money would go into a reserve to be released by DOA, presumably when matching money has been raised by the UW Foundation and Wisconsin Alumni Research Foundation.

The lion's share of the money would go into raises for faculty and academic staff (thus angering profs at other campuses). The rest would go for hiring new faculty in targeted areas, increased bio-science spending, facilities and financial aid.

The gov and his Regents argue that the system's flagship campus requires extra money to maintain its academic ranking and its place as a major research institution. Competition for top (research-grant-attracting) profs is fierce. Failure to hire and retain the best profs could mean loss of research money.

Faculty (and explicitly not administrators) at other campuses argue that pouring more money into Madison just widens a pay gap and stirs resentment. Devoting all the Madison initiative money to system-wide pay would buy about a 1% increase for all. Madison argues that it can leverage this money through private fundraising and accomplish much more than by spreading it around.

Loyalties to my alma mater aside, it makes sense to invest in making Madison shine. The question is how much, and what split.

I suggest giving them about 2/3rds of what they asked, but doing so by reducing the student share to reflect the traditional 65% GPR / 35% PR split. This would maintain the gov's $15 million GPR commitment, but reduce PR to about $7 million (impact on Madison tuition – lowers increase by 1.5% first year and 1% in second).

Burke Motion: ?

Prepared by: Bob

University of Wisconsin System

(LFB Budget Summary Document: Page 620)

LFB Summary Items for Which Issue Papers Have Been Prepared

Item #	Title
2	Funding for UW-Madison (Paper #985)
3	Funding for Libraries (Paper #986)
4	Instructional Technology (Paper #987)
5	International Education (Paper #988)
6 & 7	Tuition Revenue Expenditure Authority (Paper #989)
8	GPR Position Authority (Paper #990)
11	Tobacco Settlement Funds (see Paper #455)
13	UW-Extension Pay Plan Supplement (Paper #991)
15	Area Health Education Centers (Paper #992)
16	UW-Stout Graphic Communications Management Program (Paper #993)
17	La Crosse Health Science Center (Paper #994)
18b	State Laboratory of Hygiene (Paper #995)
19	Precollege Programs (Paper #996)
21 & 22	Advising and Student Services (Paper #997)
23	Early Writing and Mathematics Placement (Paper #998)
31	UW Aquaculture Center (see Paper #172--Tribal Gaming Revenue Allocations)
32	Consolidation of Appropriations (Paper #999)
-	Depreciation Offset for General Purpose Revenue Funds (Paper #1000)

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS BOARD

LFB Summary Item for Which No Issue Paper Has Been Prepared

Item #	Title
1	Staff Salaries and Related Funding

Gov Agency: UW Hospitals & Clinics Board

Recommendations:

Paper No.: No Issue Papers Have Been Prepared

Comments: Staff salaries & related funding. Supports staffing levels reported by the UW Hospitals & Clinics Board in its budget request.

Prepared by: Cindy

University of Wisconsin Hospitals and Clinics Board

(LFB Budget Summary Document: Page 619)

No Issue Papers Have Been Prepared

Representative Gard
Senator Moore

UW HOSPITAL AND CLINICS AUTHORITY

Limit on Use of Bonding and Indebtedness Authority

Motion:

Move to prohibit the UW Hospital and Clinics Authority (Authority) from issuing bonds or incurring indebtedness from the Wisconsin Health and Education Facilities Authority (WHEFA), for the purpose of purchasing a health maintenance organization (HMO) or insurance company, beginning with the effective date of the bill.

Note:

This motion would limit the Authority's use of bonding or incurring indebtedness from WHEFA. Current law permits the Authority to issue bonds for any corporate purpose. In addition, the Authority is allowed to seek financing and incur indebtedness from WHEFA for certain eligible projects, for example: acquisition of a hospital; construction or operation of an ambulatory surgery center or home health agency; or the addition to a hospital's bed capacity. Under the motion, the Authority would not be allowed to purchase a HMO or insurance company with bonds or WHEFA financing.

MO# 161

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
1 MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS 0

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May 25, 1999 | Joint Committee on Finance | Paper #985

Funding for UW-Madison (UW System)

[LFB 1999-01 Budget Summary: Page 620, #2]

CURRENT LAW

In 1998-99, the adjusted base budget for the UW System totals approximately $2,771.1 million, of which $911.0 million or 32.9% is funded from state, general purpose revenues. Approximately 80.7% of the University's GPR budget is provided under an appropriation for general program operations for University education, research and public service. The UW System has the ability to combine the GPR general program operations funds with monies received from tuition and certain federal indirect cost reimbursements, creating an approximate $1.2 billion pool of funds that it may use to run its operations.

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

GOVERNOR

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

DISCUSSION POINTS

Background

1. The UW System's 1999-01 agency budget request included increased funding for UW-Madison totaling $38.7 million ($25.2 million GPR and $13.5 million PR) over the biennium and 17.0 GPR positions beginning in 2000-01. UW System staff indicated that the amounts requested would have been allocated for the following purposes:

Compensation Increases. $9.3 million in 1999-00 and $18.6 million in 2000-01 to increase compensation for faculty and academic staff by an average of 7.2% by the end of the biennium.

Strategic Faculty Appointments. $1.7 million and 17.0 GPR positions in 2000-01 to hire new faculty members in targeted academic areas.

Biological Life Sciences Funding. $600,000 in 1999-00 and $900,000 in 2000-01 to increase funding for biological life sciences.

Facilities Renewal. $1.0 million in 1999-00 and $2.0 million in 2000-01 for maintenance, reconditioning and energy conservation projects for existing UW-Madison facilities.

Differential Tuition. $800,000 in 2000-01 for differential tuition for students enrolled in certain graduate and professional programs.

Financial Aid. $1.2 million in 1999-00 and $2.6 million in 2000-01 for need-based grants to students to hold them harmless from the tuition increases associated with the request.

2. The bill would provide approximately 80% of the total amount requested for 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, rather than a desire to review the University's planned uses for the funds prior to their release.

3. 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, such as funding for libraries, instructional technology, advising and international education. In particular, UW-Madison staff indicate that a portion of the funding provided under the Madison initiative will be used to compensate for the proposed reductions from the University's requests for

funding for libraries, instructional technology and advising. Further 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. Another, more significant factor in the campus' allocation decisions will be the compensation increases that will be authorized under the state's compensation plan. The Board of Regents requested a 5.2% annual increase for faculty and academic staff. If this request is not approved by the Joint Committee on Employment Relations, funding requested for other components of the Madison initiative may be used to provide additional compensation increases. Essentially, any 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 University views as high priorities. Therefore, no specific dollar amounts are assigned to most of the individual components as they are discussed in this paper.

General Discussion of Additional Funding for UW-Madison

4. The UW System's budget request for UW-Madison was intended to provide the first two years of four years of GPR and PR funding increases that would be used to leverage private support totaling approximately $200 million. This pool of private funds from the UW Foundation and the Wisconsin Alumni Research Foundation (WARF) would provide annual funding of at least $10 million. Rather than substituting for what is believed to be an appropriate level of state and student support, the private funds were intended to provide the "margin of excellence for the campus." The goal was to achieve a $57 million increase in base funding through GPR and tuition by the end of the 2001-03 biennium. At a total cost of $38.7 million, the University's request for Madison for 1999-01 would have provided an increase in base funding of $26.6 million by 2000-01. The UW System also requested additional funding for a number of statewide initiatives including libraries, advising, instructional technology and international education, of which Madison would have received an estimated $5.6 million in base funding by 2000-01. When combined with the statewide initiatives, base level funding for Madison would have increased by a total of $32.7 million. If all of the requested items were included in the bill as requested, the UW System's 2001-03 agency budget request would have included an additional $24.8 million increase in base funding for Madison to arrive at the total four-year increase of $57 million.

5. The Governor's recommendation for the Madison-specific items in the bill would increase the campus' base funding by $19 million by 2000-01. According to UW System staff, Madison's share of the funding provided under the bill for libraries, advising, instructional technology and international education is estimated to be less than $2.8 million, resulting in a total estimated increase in base funding of $21.8 million. This means that additional base funding of $35.2 million would be required by 2002-03 to reach the initial $57 million goal. It is important to remember, however, that since additional funds would probably be provided in each year of the 2001-03 biennium, the total cost of reaching this amount could be significantly higher than the $35.2 million.

6. UW System staff indicate that, based on the funding amounts provided in the bill, the UW Foundation and WARF have agreed to maintain their commitment to jointly provide about

$10 million annually in the 1999-01 biennium. However, continuation of the private support in the 2001-03 biennium would be predicated on additional state funding being provided in that biennium.

7. 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 an assertion 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.

8. 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 1997-98 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 fact, in 1998-99, annual resident undergraduate tuition and fees at Madison is $906 below the peer mid-point. 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 (sixth) and for nonresident undergraduates (fifth) and graduate students (second). The following table compares annual tuition and fees charged at Madison to those charged at the peer campuses in 1998-99.

	Resident		Nonresident	
	Undergraduate	Graduate	Undergraduate	Graduate
Michigan	$6,489	$10,192	$9,830	$20,484
Michigan State	5,174	5,944	12,370	11,404
Minnesota	4,606	5,816	12,284	10,760
Illinois	4,554	5,106	11,370	11,982
Indiana	4,069	4,013	12,310	11,033
Ohio State	3,906	5,472	11,475	14,172
Purdue	3,564	3,564	11,784	11,784
UW-Madison	**3,406**	**4,926**	**11,586**	**15,188**
Iowa	2,868	3,368	9,990	10,404
Average (excl. WI)	$4,404	$5,434	$12,677	$12,753
Mid-Point (excl. WI)	$4,312	$5,289	$12,034	$11,594
UW Distance to Mid-Point	-$906	-$363	-$448	$3,594

9. 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 36th among all colleges and universities, public and private in the country 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, 1998, issue:

Category	Rank	$ in Millions
Number of Earned Doctorates	2nd	
Federal Research and Development Expenditures		$233.2
All Institutions	8th	
Public Institutions	7th	
Total Research and Development Expenditures		412.6
All Institutions	3rd	
Public Institutions	2nd	
Fund Raising (Total Support)		212.6
All Institutions	5th	
Public Institutions	1st	
Fund Raising (Alumni Support)		52.6
All Institutions	10th	
Public Institutions	5th	

10. Based on the criteria measured in the various rankings, it appears that Madison is already well-positioned to compete with similar universities nationally. One could argue that the proposed infusion of funding is not necessary at this time. However, the UW-Madison Chancellor argues that the funding is needed now to ensure that the University remains competitive in the future because maintaining the campus' current reputation for quality would be less difficult, and less costly, than attempting to regain it.

11. Madison is the "flagship" research university and the largest campus in the UW System, enrolling approximately 39,700 graduate and undergraduate students, or slightly over one-quarter of all UW System students. Madison offers over 150 undergraduate majors and draws its student body from a wider geographic region than do the other campuses. Approximately 30% of the undergraduates and 55% of the graduate and professional students are nonresidents. Its freshman class enters with a higher high school class rank and higher test scores, and statistics indicate that the class will be more likely to graduate in a shorter period of time than do the incoming freshmen at the other UW campuses. Approximately 73% of the freshmen who enroll at Madison graduate in six years, the highest rate in the System.

12. It has been argued that singling out the Madison campus for such a large amount of additional, and largely discretionary, funding is inequitable. While other items in the bill would

provide institution-specific funding for Stout, La Crosse, Milwaukee and the Colleges, these amounts are significantly lower and are intended to be used for very specific purposes or programs. However, most of the objections raised regarding the Governor's proposal relate to the compensation component, which will be discussed in a later section.

13. Proponents of the Governor's recommendation contend that as the flagship campus, Madison's reputation reflects on the entire System and on the state as a whole. The campus helps to attract quality students and faculty to the state as well as new businesses, research funding and private support. UW System staff note that all of the chancellors in the System discussed and approved of the Board of Regents' request as part of the University's internal budget development process. Further, the President of the UW System has argued that the bill would not provide a "disproportionate" amount of funding for Madison since the $15 million GPR that would be provided to the campus constitutes approximately 33% of the total increase in GPR provided for the System under the bill. In comparison, Madison's share of the total UW System budget for GPR/tuition is approximately 38%.

14. Since, as previously noted, there is no specific rationale for the total amount that would be provided under the bill, the Committee could choose to provide a lesser amount. For example, UW-Madison staff have indicated that $1.7 million of the amount provided in 2000-01 would be used to fund the 17.0 new faculty positions. Therefore, the total funding amount could be reduced to provide funding only for this purpose. Total savings to the state would be $28.3 million over the biennium. Alternatively, the Committee could provide funding in an amount greater than $1.7 million, but less than that recommended in the bill. However, such a reduction from the Governor's recommendation could potentially result in a lesser amount of private funding being provided by the UW Foundation and WARF.

15. A technical issue has been raised by the University regarding the GPR appropriation in which the additional funding would be placed. All of the funds would be provided in the UW System's general program operations appropriation for education, research and public service. However, since a portion of the proposed amount would be used to provide compensation increases which may involve positions funded under a variety of appropriations, the University would need to transfer the necessary amount to those appropriations. UW System staff have suggested that, to address this issue, the Board of Regents be allowed to submit to the Joint Committee on Finance for its approval under s. 13.10 of the statutes, a request to transfer funds to these other appropriations for the purpose of providing compensation increases for faculty and staff members, without needing to show an emergency for purposes of s. 13.10.

GPR/Tuition Split

16. 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. With two exceptions, the UW System requested funding for all of the Madison initiatives based on this 65% GPR/35% PR split. The two exceptions were the differential tuition item, which would consist solely of tuition revenues, and the financial aid item, which would be funded entirely with

GPR. The $30 million provided under the bill would consist of 50% GPR and 50% PR.

17. 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 4.8% in 1999-00 and 4.7% in 2000-01, exclusive of increases resulting from the state's compensation plan. These percentage increases represent increases of $144 and $148 in annual tuition for a full-time resident undergraduate student. If the proposed funding were to be provided based on the usual 65% GPR/35% PR split, the estimated increase in annual tuition would be $30 lower in 1999-00 and $50 lower in 2000-01 than that resulting from the 50%/50% split.

18. In testimony on the budget bill, students and student groups have expressed concern regarding tuition increases that they contend will force many students to leave the University and result in greater debt load for those who continue. A study conducted by UW-Madison's Office of Student Financial Services found that total student loans for 1997-98 graduates averaged $16,721, 5.7% higher than the prior year. Arguably, since other campus-specific items included in the bill would be funded according to the usual GPR/PR split, funding for the Madison initiative should be adjusted to reflect the same split. In that case, an additional $1,650,000 GPR in 1999-00 and $2,850,000 GPR in 2000-01 would have to be provided and identical amounts of PR funding could be deleted from the bill.

19. According to DOA staff, the 50%/50% funding split was used because it was felt that the Madison initiative represents a three-way partnership between the state, students and private sources, and as such, each partner should provide an equal amount of funding. In addition, the University plans to provide grants to hold needy students harmless from the tuition increases specifically associated with the Madison initiative. Finally, it has been suggested that Madison's current low tuition rate in relation to its peers may actually hinder private fundraising as potential donors, when solicited, recommend increasing tuition as a way to raise additional funds.

Compensation Increases

20. Salaries for UW faculty and academic staff are determined by the same pay plan process used for other nonrepresented employes except that the Board of Regents is required to submit a pay plan request for unclassified employes to the Secretary of DER. The DER Secretary then submits a separate recommendation for UW unclassified staff pay plan increases to the Joint Committee on Employment Relations (JCOER) which can approve, modify or reject the DER recommendation. In addition, the Board has the authority to provide salary increases to correct a salary inequity or to recognize competitive factors. Special compensation increases for UW faculty beyond the regular pay plan have also been provided through the biennial budgets in 1985-87 and 1989-91, and a provision in 1997 Act 27 allowed the University to use tuition revenues to support the unfunded portion of the 1997-99 compensation plan.

21. The amount allocated for compensation increases under the UW System request was intended to provide an average compensation increase of 7.2% for UW-Madison faculty and academic staff by the end of the biennium, or an average of approximately 3.6% per year. The

7.2% figure was the percentage needed to bring average UW-Madison faculty salaries to the mid-point of the faculty salaries at Madison's peer institutions for 1997-98. Current data for 1998-99 shows that the gap between average faculty salaries at Madison and the mid-point of its peers has decreased to 6%.

22. Despite the fact that the amount that would have been provided for compensation increases under the University's request was calculated based on an across-the-board percentage increase for all faculty and academic staff, UW-Madison staff estimate that any funds allocated for the increases would be used for merit increases and would be distributed to only 50% to 60% of these employes. In addition, a portion of the monies would be used for recruitment purposes. The campus would determine which individuals would receive the increases and the amount of each increase based on a number of factors including productivity, quality of work and competitive considerations. Thus, a significant number of employes would receive no increase under the proposal, while some individuals could receive annual increases well above 3.6%.

23. While the calculation of the 7.2% figure was based on faculty salaries, the amount requested was based on the October 1997, payroll for faculty and academic staff. UW-Madison staff have indicated that, in addition to faculty and instructional academic staff, the compensation increases could be provided to noninstructional academic staff who are professional and administrative employes such as University relations staff, policy and planning analysts, controllers, attorneys and institutional planners.

24. The peer group of institutions to which Madison's salaries are compared was developed in 1983 by DOA for use by the Governor's Faculty Compensation Committee and was selected on the basis of statistical similarity of a variety of factors such as enrollment and the proportion of faculty who are full professors. While somewhat useful, peer comparisons do not take into account factors such as: nonsalary components of compensation such as fringe benefits; wide variations in salaries of faculty in different disciplines; differences in the cost of living among the areas in which the peer institutions are located; and differences in promotion practices among institutions. In addition, campus decisions regarding the allocation of salary increases among ranks can affect how an institution compares to its peers.

25. Given the amount provided in the bill for the Madison initiative, it has not yet been determined how much of these funds would be allocated for the compensation increases. According to Madison staff, the amount will depend on the increases provided under the compensation plan to be approved by JCOER and the amounts provided under the systemwide initiatives relating to libraries, advising, instructional technology and international education.

26. UW-Madison staff contend that these increases are critical to retain and recruit key faculty and staff. It is intended that the amount allocated from state and tuition funds would be matched by a pool of private monies that would be used to provide increases specifically to retain faculty and staff members who receive outside offers.

27. Issues have been raised regarding the equity of providing compensation increases to

employes at just one campus that are beyond the state's compensation plan for faculty and academic staff. In a letter to the President of the UW System, a representative of The Association of University of Wisconsin Professionals (TAUWP) states that "the salary shortfall problems facing faculty and academic staff are system wide. TAUWP insists that the faculty and academic staff of the entire system must be part of any salary increase that is intended to remove the competitive salary deficiency." The following table compares UW faculty salaries, for each faculty rank and for all ranks averaged, to the average and mid-point salaries of the peer groups for 1998-99. The UW institution's or cluster's rank and the percentage increase that would be needed to meet the peer mid-point is also shown. The average salaries at the comprehensive institutions are below the peer mid-point for all faculty ranks, while average salaries for associate professors at Madison, assistant professors at both Madison and Milwaukee and all ranks averaged at Madison, are above the mid-point.

	Full Professor	Associate Professor	Assistant Professor	All Ranks
Madison	$77,600	$58,700	$52,100	$68,200
Peer Group Average (Excluding WI)	87,400	60,400	50,900	70,100
Peer Group Mid-Point (Excluding WI)	84,900	58,100	50,600	66,700
Distance to Mid-Point	-7,300	600	1,500	1,500
% Increase to Mid-Point	9.4%	-1.0%	-2.9%	-2.2%
Rank (of 12)	10	6	5	6
Milwaukee	$70,600	$55,000	$47,100	$58,300
Peer Group Average (Excluding WI)	78,800	57,900	47,600	62,200
Peer Group Mid-Point (Excluding WI)	77,500	56,500	46,600	61,900
Distance to Mid-Point	-6,900	-1,500	500	-3,600
% Increase to Mid-Point	9.8%	2.7%	-1.1%	6.2%
Rank (of 15)	10	11	8	10
Comprehensive Campus Average	58,500	47,300	41,100	49,300
Peer Group Average (Excluding WI)	61,300	49,500	41,100	49,000
Peer Group Mid-Point (Excluding WI)	63,100	51,900	42,400	51,200
Distance to Mid-Point	-4,600	-4,600	-1,300	-1,900
% Increase to Mid-Point	7.9%	9.7%	3.2%	3.9%
Rank (of 27)	23	25	20	17

28. As previously noted, current law permits the Board of Regents to provide compensation increases to recognize competitive factors. In 1997-98, competitive increases totaling approximately $1.0 million were provided to 136 faculty and academic staff members. Madison employes represented approximately 65% of the 136 faculty and academic staff members receiving adjustments and UW-Madison spent approximately 77% of the total amount. The number of individuals receiving increases at other institutions ranged from 0 to a high of 13, at Milwaukee. Madison faculty and academic staff comprise about 47% of the total for the System. The higher percentage of individuals at Madison receiving competitive adjustments would suggest that

competitive pressures may be more severe at that campus than at others in the System. UW-Madison staff argue that the combination of relatively low faculty salaries and the campus' reputation as one of the top research universities in the country makes its faculty particularly vulnerable to outside offers.

Strategic Faculty Appointments

29. Of the amount provided in the bill, UW staff indicate that $1.7 million in 2000-01 would be allocated to fund the 17.0 GPR positions that would be authorized in the bill. These funds are to be matched by $3.4 million in private monies to enable the University to hire a total of 50 new faculty members in targeted areas over the 1999-01 biennium. Under the University's original proposal, state and private funds would allow the campus to hire a total of 100 to 150 new faculty members over four years. UW System staff indicate that the amount which would be provided is based on an average salary of $75,000 per faculty member but will vary depending on the individual's faculty rank, competitive market factors and whether the appointment is for nine or 12 months.

30. The campus has already identified and authorized searches for 32 new positions which will be funded using UW Foundation and WARF monies. In November, 1998, all departments and campus groups of faculty were asked to submit proposals for the new positions. Each proposal was required to be for two to five new faculty members and for either: (a) interdepartmental faculty in new and emerging or "critical" disciplines; or (b) a department or program "where it is necessary to address reputational needs and/or specific programmatic opportunities." The approximately 150 proposals received were reviewed by a faculty committee which made recommendations to the Chancellor and Provost, with the final decisions made by the Chancellor. Examples of the proposals selected include those for faculty in the areas of chemical biology, computer engineering, cosmology, cultural studies in global context and economic sociology. It is expected that between 16 and 25 of the 32 new faculty members will begin by the fall of 1999.

Biological Life Sciences Funding

31. As with most of the other components of the Madison initiative, the actual amount of the proposed funding that would be used to increase funding for biological life sciences is not currently known. However, UW-Madison staff indicate that, at a minimum, the campus would use the funding provided in the bill to:

- Provide one new introductory course in the biological life sciences to meet increasing demand by undergraduate students.

- Purchase electronic licenses for national science data bases and scientific journals which could be accessed by all UW campuses as well as by secondary schools and businesses in Wisconsin.

- Expand and upgrade approximately six instructional biology laboratories used by undergraduate students taking science courses.

32. Funding allocated for these items would be matched on a dollar-for-dollar basis with private monies and is intended to address increased demand by students enrolling in biology-related courses. The University estimates that, over the next ten years, undergraduate enrollment in biological life sciences programs will increase from approximately 20% of all students to 33%. There are currently over 150 biotechnology firms in Wisconsin, many of which were founded using technologies developed at UW-Madison.

33. In addition to the above items, the University's budget request proposed funding for a second new introductory course and to support the costs of maintaining the "WHY Files," a Website used in K-12 instruction that provides explanations of scientific developments geared to the general public. UW-Madison staff indicate that funding for these purposes would be dependent on the outcome of other provisions in the budget and the salary increases authorized in the compensation plan.

34. The 1997-99 budget adjustment act (1997 Act 237) provided $1.5 million GPR and 8.0 GPR positions in 1998-99 for new faculty positions in the biological sciences at UW-Madison. Of the total, $925,000 was provided as one-time funding to purchase specialized equipment and/or provide research staff as requested by the new faculty members. The primary purpose of the funding and positions was to stimulate economic development in the area of biotechnology in Wisconsin and to help maintain Madison's status as a leader in biotechnology research. The funds requested as part of the University's 1999-01 budget request, as well as those provided in Act 237, were part of a larger request by the UW for approximately $5.7 million to expand the biological life sciences at Madison.

Facilities Renewal

35. A portion of the proposed funding would be used for maintenance, reconditioning and energy conservation projects for existing facilities. While the amount that would be used for this purpose in 1999-00 is not yet known, based on the Governor's recommendation, Madison plans to allocate at least $1.0 million for facilities renewal and maintenance in 2000-01. Any amount allocated for this purpose would be matched on a dollar-for-dollar basis with private monies.

36. UW-Madison has over 330 buildings of which approximately 250 are instructional and research facilities with a replacement value totaling $2.2 billion. Over 70% of these buildings are more than 25 years old and 50% are more than 35 years old. In 1991, a UW System audit estimated the level of deferred maintenance for the campus at $240 million. The campus established two programs, the concentrated upgrade and repair of buildings (CURB) program and the comprehensive assessment and refurbishment of equipment (CARE) program, to address this issue. The University reports that, under CURB, 12 major buildings have been reconditioned and CARE has resulted in the reconditioning of HVAC equipment in 17 other buildings. UW System staff indicate that funding for these programs was derived from base reallocations and the Division

of Facilities Development.

37. According to UW-System staff, the Madison initiative is intended to provide a continuing source of funds for the CARE and CURB programs which is expected to result in savings to the state by reducing current energy costs and avoiding more costly repairs and maintenance in the future. Specifically, the funds would be used to: (a) assess the condition and performance of the buildings and equipment; (b) prioritize and implement plans to recondition the facilities and document any other deferred maintenance items that would not be immediately addressed; (c) establish preventive maintenance standards for each facility and monitor performance; and (d) provide ongoing information on each facility's reliability and performance.

38. Under a recommendation by the Building Commission, approximately $181.1 million would be provided for maintenance, repair and renovation of state-owned buildings under a new program called Wisbuild. Projects funded under the program would be determined by the Building Commission and financed from the Commission's other public purpose bonding authorization or as otherwise specified in the authorized state building program. Funding would have to be provided for: (a) high priority, comprehensive building renovation projects; (b) maintenance and repair of exterior components of buildings; (c) maintenance and repair of mechanical, electrical, plumbing and other building systems; and (d) projects to remove barriers that reduce access to and use of, state facilities by persons with disabilities. If this initiative is approved by the Legislature, some of the facilities renewal projects which would be completed using the Madison initiative funds could potentially qualify for funding under Wisbuild. However, UW-Madison staff contend that the CURB and CARE projects would be smaller-scale projects costing less than $50,000 which would not normally qualify for support under the building program. For example, the University may use the funds to replace a number of laboratory fume hoods in a given building or to provide more energy efficient lighting. It is also argued that these types of projects are not usually funded through bonding because they have a shorter life-span.

Differential Tuition

39. The UW System's original budget request included $800,000 PR in 2000-01 to be generated through the implementation of differential tuition rates for students in certain graduate and professional programs. Medical students, students enrolled in allied health programs (physical therapy, medical technician and physician assistant) and law students would be charged higher tuition than students in other programs. The $800,000 PR is the amount estimated to be generated from a flat $750 per student surcharge for medical students, a 10% increase in tuition for allied health students and a 2% increase in law school tuition. Actual increases in tuition would have to be approved by the Board of Regents prior to implementation. The estimate assumes that all students, new and continuing, would be charged the higher rates beginning in 2000-01. However, Madison staff indicate that the increases may be phased in, which would result in a smaller increase in tuition revenues. The revenues generated from the proposed differential tuition rates are intended to support program improvements and reflect the higher costs of these programs.

40. While proposals by campuses to implement differential tuition rates are subject to

approval by the Board of Regents, they do not require legislative approval. According to UW-Madison staff, the differential tuition proposal was included in the UW System budget request so that the campus would not be charged with obfuscating a tuition increase.

Financial Aid

41. At the level of funding recommended by the Governor, the Madison initiative would result in annual tuition increases averaging 3.1% in 1999-00 and 2.2% in 2000-01, above the tuition increases that would apply to students at all campuses as a result of the spending items in the bill. These percentages do not include the tuition increases that will result from the state's compensation plan. In 1998-99, annual tuition for a full-time undergraduate student is $3,001 for residents and $11,182 for nonresidents. Therefore, the average annual tuition increase that would result solely from the Madison initiative would be approximately $93 for residents and $347 for nonresidents in 1999-00 and an additional $68 for residents and $254 for nonresidents in 2000-01.

42. The UW System budget request included $1.2 million GPR in 1999-00 and $2.6 million GPR in 2000-01 for need-based grants to resident and nonresident undergraduates who are eligible for other need-based state or federal financial aid programs. The grants would be intended to ensure that these students would be held harmless from the tuition increases associated with the Madison initiative. UW-Madison staff indicate that the grants would most likely be awarded to students who are eligible for awards under the Wisconsin Higher Education Grant (WHEG) program and the Pell Grant program.

43. Based on the amounts proposed in the bill for the Madison initiative, the University has determined that it would not use any of these funds for financial aid in 1999-00. Therefore, the campus requested, and received approval from the Board of Regents to use $1.275 million of funds from the William F. Vilas Trust Estate on a one-time basis to provide the grants in 1999-00. This amount would provide grants of $300 each to approximately 4,250 students, the number of students estimated to be eligible for WHEG awards and federal Pell and Supplemental Educational Opportunity Grants (SEOG) in 1999-00. The grants from the Vilas Trust would be available for 1999-00 due to unusually high income realized by the fund in the last year. This year's earnings are expected to return to the prior level, roughly one-third of last year's.

ALTERNATIVES

1. Approve the Governor's recommendation to provide $5,500,000 GPR and $5,500,000 PR in 1999-00 and $9,500,000 GPR and $9,500,000 PR in 2000-01 and 17.0 GPR positions beginning in 2000-01 to support several initiatives at UW-Madison.

2. Modify the Governor's recommendation by allowing the Board of Regents submit to the Joint Committee on Finance for its approval under s. 13.10 of the statutes, a request to transfer funds to other UW GPR appropriations for the purpose of providing compensation increases for UW-Madison faculty and staff members, without showing that an emergency exists for purposes of s. 13.10.

3. Modify the Governor's recommendation by providing $1,650,000 GPR in 1999-00 and $2,850,000 GPR in 2000-00 and deleting $1,650,000 PR in 1999-00 and $2,850,000 PR in 2000-01 to provide the funding based on a 65% GPR/35% PR split.

Alternative 3	GPR	PR	TOTAL
1999-01 FUNDING (Change to Bill)	$4,500,000	- $4,500,000	$0

4. Modify the Governor's recommendation by one of the following:

a. Delete $2,750,000 GPR and $2,750,000 PR in 1999-00 and $4,750,000 GPR and $4,750,000 PR in 2000-01, in order to provide a total of $15 million over the biennium, or 50% of the amount provided in the bill.

Alternative 4a	GPR	PR	TOTAL
1999-01 FUNDING (Change to Bill)	- $7,500,000	- $7,500,000	- $15,000,000

b. Delete $1,833,300 GPR and $1,833,300 PR in 1999-00 and $3,166,700 GPR and $3,166,700 PR in 2000-01 in order to provide a total of $20 million over the biennium, or two-thirds of the amount provided in the bill.

Alternative 4b	GPR	PR	TOTAL
1999-01 FUNDING (Change to Bill)	$5,000,000	$5,000,000	$10,000,000

5. Modify the Governor's recommendation by deleting $5,500,000 GPR and $5,500,000 PR in 1999-00 and $8,395,000 GPR and $8,905,000 PR in 2000-01 in order to provide funding only for the 17.0 FTE positions for new faculty appointments.

Alternative 5	GPR	PR	TOTAL
1999-01 FUNDING (Change to Bill)	- $13,895,000	- $14,405,000	- $28,300,000

6. Maintain current law. Under this alternative, $5,500,000 GPR and $5,500,000 PR in 1999-00 and $9,500,000 GPR and 9,500,000 PR in 2000-01 and 17.00 GPR positions would be deleted from the bill.

Alternative 6	GPR	PR	TOTAL
1999-01 FUNDING (Change to Bill)	- $15,000,000	- $15,000,000	- $30,000,000
2000-01 POSITIONS (Change to Bill)	- 17.00	0.00	- 17.00

Prepared by: Merry Larsen

Senator Burke

UW SYSTEM

Funding for UW-Madison
[Paper #985]

Motion:

Move to modify the Governor's recommendation by deleting $2,538,500 PR in 1999-00 and $4,384,600 PR in 2000-01.

Note:

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

[Change to Bill: -$6,923,100 PR]

MO#________

1	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
2	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 12 NO 4 ABS ____

Motion #919

Senator Jauch

UW SYSTEM

Funding for UW-Madison
[Paper #985]

Motion:

Move to modify the Governor's recommendation regarding funding provided to the UW System for the Madison initiative by specifying that any portion of these funds used for compensation increases for UW-Madison faculty and academic staff could be used for recruitment and retention purposes and could not be used for solely merit-based increases unless those increases are related to recruitment and retention.

MO#________

	BURKE	Y	N	A
2	DECKER	Y	N	A
1	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	COWLES	Y	N	A
	PANZER	Y	N	A
	GARD	Y	N	A
	PORTER	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUBER	Y	N	A
	RILEY	Y	N	A

AYE 10 NO 6 ABS ____

Motion #394

(Gov) Agency: UW -- Funding for Libraries

Recommendations:

Paper #986: Go with the gov (no action needed)
A1, B1, C1

Comments: The gov proposes boosting spending for acquisitions ($4.8 million), electronic licenses for academic journals, etc ($2 million) and statewide resource sharing ($534,000).

The average prices for books and journals have increased 14% and 58% respectively since 1991, the last time funding specifically for acquisitions was provided.

Money well spent.

Prepared by: Bob