



Legislative Fiscal Bureau

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May 25, 1999

Joint Committee on Finance

Paper #986

Funding for Libraries (UW System)

[LFB 1999-01 Budget Summary: Page 621, #3]

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.

GOVERNOR

Provide \$1,616,300 GPR and \$870,300 PR in 1999-00 and \$3,150,800 GPR and \$1,696,600 PR in 2000-01 to increase funding for UW System libraries for the following purposes:

Acquisitions. \$1,040,000 GPR and \$560,000 PR in 1999-00 and \$2,080,000 GPR and \$1,120,000 PR in 2000-01 to increase funding for the acquisition of books, journals and other documents.

Electronic Licenses. \$433,300 GPR and \$233,300 PR in 1999-00 and \$866,700 GPR and \$466,700 PR in 2000-01 to purchase licenses for electronic databases, reference services and journals for UW System institutions.

Statewide Resource Sharing. \$143,000 GPR and \$77,000 PR in 1999-00 and \$204,100 GPR and \$109,900 PR in 2000-01 to expand physical delivery service among UW campuses.

DISCUSSION POINTS

Acquisitions

1. The UW System currently spends \$16.84 million annually for library acquisitions. This budget includes funding for: books and monographs; government documents; periodicals and other serials; microforms; audio-visual items such as sound recordings, slides and films; binding for books, periodicals and journals; and machine-readable materials such as software and videodiscs. The acquisitions budget is also used for other items such as musical scores, manuscripts, globes, models and Braille materials. The bill would provide \$1.6 million in 1999-00 and \$3.2 million in 2000-01, representing percentage increases in the University's acquisitions budget of approximately 9.5% and 8.7%, respectively.

2. In its 1999-01 budget submission, the UW System requested \$1,841,600 GPR and \$991,700 PR in 1999-00 and \$3,683,400 GPR and \$1,983,300 PR in 2000-01 for additional acquisitions funding, which would have provided increases of 16.8% in 1999-00 and 14.4% in 2000-01. The University estimates that between 1998 and 2001, the cost of books will increase by 3% and the cost of periodicals will increase by 10%. UW System staff estimate that the libraries would require an increase of \$11 million in order to maintain purchasing power at current levels. According to staff at DOA, the reason that the bill would not provide the entire amount requested was related to the allocation of scarce state GPR resources, rather than a judgement regarding the need for the funds.

3. Additional funding specifically for library acquisitions was last provided in the 1989-91 state budget. A total of \$6.1 million GPR was provided to improve book and periodical collections and to offset price increases. According to staff of UW-Madison's General Library System (GLS) office, since 1991, the average prices for books and journals have increased by 14% and 58%, respectively. The average prices of journals in certain areas, such as science and technology, medicine and social science, have doubled or more than doubled. GLS staff report that, due to the rapid increase in prices and lack of additional funding, Madison currently purchases 25% fewer books and 14% fewer journals than in 1991. The primary reasons cited for these cost increases are: (1) an increase in the publishing activities of academic scholars; (2) the practice of commercial publishers to pass on the entire cost of publication to libraries, rather than requiring authors to pay a portion of the costs as many academic societies do; and (3) the oligopolistic structure of the commercial publishing industry, which results in a lack of competitive pricing. Systemwide, UW libraries have canceled over 6,000 journal subscriptions since 1992. Many of the journals that have been canceled were available at more than one campus in the System. However, in recent years, the number of unique journal subscriptions that have been canceled has increased. For example, in 1998-99, Madison canceled 863 journal subscriptions, of which 85% were not held by any other library in the UW System.

4. In public testimony on the bill, the director of Madison's GLS office stated that "the financial constraints during the 1990s forced the UW libraries to become more collaborative and resourceful" and noted that UW-Madison ranks second in North America in the number of items

lent off campus. UW System libraries have reduced costs by eliminating some lesser-used duplicate items, purchasing less-expensive paperback editions of books, negotiating collaborative purchase agreements and discounts and delaying the purchase of some materials that are not immediately needed for teaching or research. While statewide data on the amount saved through these measures is not available, UW-Madison staff report that the campus saves more than \$700,000 annually, but that this amount has not been sufficient to cover inflationary cost increases.

5. It has been suggested that due to the proliferation of electronic resources, the need for print materials will decrease in the future. While an increasing number of academic journals are available in electronic format, back issues of these journals are not typically offered electronically. In addition, many publishers require libraries to purchase or continue subscribing to the print versions in order to obtain the electronic licenses. Despite the growth in electronic resources, physical use of libraries by students, faculty and community members does not appear to be declining. The annual report of GLS for 1997-98 notes that the number of persons visiting Memorial Library in that year was actually 371,000 higher than in 1996-97.

6. Library collections are often used to gauge the overall quality of a university. The Association of Research Libraries collects and reports data for 122 research libraries in the United States and Canada, including UW-Madison. Between 1989 and 1998, Madison's rank for total volumes held remained relatively stable, dropping only from 13th to 14th. In terms of total materials expenditures, however, Madison's rank fell from 23rd in 1988-89 to 29th in 1997-98, behind Michigan, Minnesota, Ohio State, Indiana and Illinois. A more significant decline can be seen in volumes added. In 1988-89, Madison ranked 13th in this category; the only Big Ten institution ranked higher was Illinois. However, in 1997-98, Madison ranked 34th, behind Illinois, Indiana, Minnesota, Iowa, Michigan and Ohio State. Other institutions which are not considered peers, such as Georgia, North Carolina State and Arizona State also ranked higher than Madison in this category. UW System staff argue that without an increase in funding for libraries, Madison's rank will continue to decline and it will become more difficult for all UW institutions to recruit quality faculty and students.

Electronic Licenses

7. The Governor's recommendation to increase funding for electronic licenses is identical to the University's agency budget request. These licenses provide access to electronic information including databases, reference services, journal indices and full-text magazines, journals and newspapers, that can be shared by all UW System faculty, staff and students. The UW System currently expends approximately \$300,000 annually for the licenses, although individual UW institutions may purchase additional licenses on their own. The Governor's recommendation would more than double current Systemwide expenditures for this purpose.

8. The additional funds would be held centrally by the UW System and purchases would be determined by the Collection Development Committee, which consists of the collection development officers at each campus. This committee has already identified 14 electronic resource "products" at a total cost of \$705,000 as the highest priorities for the expenditure of the proposed

funds. The products that would be purchased range from the Institute of Physics, which consists of 33 full-text journals at an estimated annual cost of \$9,000, to the journal Science (\$28,000), to the Lexis-Nexis Academic Universe, which includes more than 5,200 journals and newspapers, for an estimated \$196,000. The products selected by the Committee were chosen because they are the most widely used across all campuses, particularly by undergraduate students. For journals that are used less often, one print subscription could be purchased by one campus and circulated as needed through interlibrary loan. While the annual cost of electronic access is usually higher than for the print version, UW staff contend that due to the larger number of users, the purchase of electronic licenses is actually more cost effective. Since all students at all campuses would have access to these products, the cost per user for the electronic resource is typically much lower than for the print version of a journal to which a number of campuses may subscribe individually.

9. While a common perception is that electronic resources are free, the 1998-99 annual report of the UW-Madison's University Library Committee notes that "less than 5% of the Internet resources supporting higher education are free." Further, it is common practice for commercial publishers to require the purchase of a print journal along with the electronic version for a "bundled price" that may be 10% to 30% higher than the price of the print version alone. Despite the higher costs, libraries purchase electronic resources because they allow for simultaneous access by a large number of users, can be accessed from remote locations and can be searched more rapidly and efficiently. In addition, the accumulation of electronic, rather than print materials is expected to result in significant saving of shelf space in libraries, an issue which has become increasingly important for many libraries.

Statewide Resource Sharing

10. The UW System currently contracts with the South Central Library System to provide physical delivery service of interlibrary loan items three days per week, to all UW institutions except Superior and the two-year Colleges. The annual cost of the contract is approximately \$110,000. Delivery to and from the Colleges and Superior is provided through UPS, U.S. mail or U.S. document delivery.

11. In its 1999-01 budget submission, the UW System requested a total of \$500,000 in 1999-00 and \$1,000,000 in 2000-01 to expand physical delivery service to all campuses and increase the frequency of the service from three days per week to five or six days per week. A portion of the requested funds would also have been used to establish a system to electronically transfer materials among the institutions. The Governor's recommendation would provide funding only for the expansion of physical delivery service, and was based on an estimate provided by South Central Library System. However, UW System staff indicate that the University would submit a request for proposals for the expanded service and that the actual contract amount would depend on the bids received from the delivery service providers.

12. According to UW System staff, efforts on the part of UW libraries to reduce duplication and the resulting increased reliance on shared resources and materials necessitates more frequent delivery service. All of the items purchased by a library would be accessible by a greater

number of people. In addition, the expanded delivery service would allow libraries to meet student and faculty needs for interlibrary loan materials more rapidly than can be accomplished under the current contract.

13. Under the University's request, a total of \$280,000 in 1999-00 and \$686,000 in 2000-01 would have been used to support electronic document delivery among all UW campuses. This type of delivery service would be used primarily for articles in journals to which most campuses do not subscribe. UW-Madison staff report that journal articles represent more than 50% of all resource sharing by that campus. Currently, each article is photocopied and physically delivered to the requester's campus. Under the University's proposal, the article would be scanned electronically and sent immediately to the requester who would receive an email message with a direct link to the article. If the article is not found within the UW System, the request would automatically be relayed to Online Computer Library Center, Inc. (OCLC), a nonprofit organization which would then expand the search to a national network of member libraries. The requested funds would have been used to provide specialized computer equipment, software and training for library staff and library users. UW staff contend that implementation of this method of delivery would allow System campuses to reduce the number of journals to which they subscribe and would result in faster turnaround time for requests and more efficient use of staff time. Madison staff indicate that the campus is likely to reallocate base funds to purchase the necessary technology. However, since it is not likely that all UW campuses would be able to allocate resources for this purpose, it is argued that the lack of centralized funding would result in inequities across campuses.

14. According to DOA staff, this portion of the University's request was omitted because the plans to provide this capability to each UW campus were not sufficiently well-defined. UW-Madison staff indicate that the uncertainty has been due to changes in the available technology that have occurred in recent months and the lack of accurate cost estimates. Currently, initial costs are estimated at approximately \$360,000 to provide the technology and training at 32 UW libraries, seven libraries on the Madison campus and one at each of the other 25 campuses. In subsequent years, \$190,000 is estimated for ongoing annual costs for equipment upgrades, the interface with OCLC, staff training and support, and increased copyright royalty payments expected to result from increased sharing of resources.

ALTERNATIVES

A. Acquisitions

1. Approve the Governor's recommendation to provide \$1,040,000 GPR and \$560,000 PR in 1999-00 and \$2,080,000 GPR and \$1,120,000 PR in 2000-01 to increase funding for acquisitions at UW System libraries.

2. Modify the Governor's recommendation by providing an additional \$801,600 GPR and \$431,700 PR in 1999-00 and \$1,603,400 GPR and \$863,300 PR in 2000-01 to increase funding for acquisitions to provide the amounts requested by the University.

- 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

<u>Alternative A2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
19-01 FUNDING (Change to Bill)	\$2,405,000	\$1,295,000	\$3,700,000

Maintain current law.

<u>Alternative A3</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
9-01 FUNDING (Change to Bill)	-\$3,120,000	-\$1,680,000	-\$4,800,000

Electronic Licenses

AYE _____ NO _____ ABS _____

Approve the Governor's recommendation to provide \$433,300 GPR and \$233,300 PR in 2000-01 to purchase electronic licenses.

2. Maintain current law.

<u>Alternative B2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	-\$1,300,000	-\$700,000	-\$2,000,000

C. Statewide Resource Sharing

1. Approve the Governor's recommendation to provide \$143,000 GPR and \$77,000 PR in 1999-00 and \$204,100 GPR and \$109,900 PR in 2000-01 to expand the physical delivery services among UW campuses.

2. Modify the Governor's recommendation by providing \$234,000 GPR and \$126,000 PR in 1999-00 and \$123,500 GPR and \$66,500 PR in 2000-01 to provide funding to implement Systemwide electronic document delivery.

<u>Alternative C2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Base)	\$357,500	\$192,500	\$550,000

3. Maintain current law.

<u>Alternative C3</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Base)	-\$347,100	-\$186,900	-\$534,000

Prepared by: Merry Larsen

Gov Agency: UW -- Instructional Technology

Recommendations:

Paper #987: A2+3

Comments: System argues it has a desperate need for IT workers and thinks it can meet this need by training and hiring more student workers.

In point 10, Fiscal Bureau argues that training more students doesn't guarantee more workers, because students might simply take the training and run to higher-paying private sector jobs.

This is why, scaling back the proposal and building in some evaluation makes most sense. This is what Alternatives 2+3 accomplish.

Prepared by: Bob



Legislative Fiscal Bureau

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May 25, 1999

Joint Committee on Finance

Paper #987

Instructional Technology (UW System)

[LFB 1999-01 Budget Summary: Page 621, #4]

CURRENT LAW

The University of Wisconsin (UW) System assesses a student technology fee, which is approximately 2.5% of total tuition revenues for students at UW-Madison and 2% of total tuition revenues for students at the other UW System campuses. The fee is used to provide students with additional resources in the area of instructional technology such as e-mail, Internet access, updated software, additional staffing and longer hours at computer labs, help desks and student IT training.

Under 1997 Act 27 (the 1997-99 budget), \$3,856,000 GPR, \$2,587,500 PR and \$1,008,000 SEG in 1997-98 and \$6,358,000 GPR, \$4,064,000 PR and \$864,000 SEG in 1998-99 was provided for UW five specific educational technology initiatives: (a) the student information system; (b) the development of curricula to train students enrolled in the schools of education in the use of technology in primary and secondary schools; (c) to provide faculty with educational technology and to train faculty in its use; (d) the development of system technology infrastructure; and (e) to pay the Department of Administration (DOA) for telecommunications services provided through BadgerNet.

GOVERNOR

Provide \$718,900 GPR and \$387,100 PR in 1999-00 and \$2,444,000 GPR and \$1,316,000 PR in 2000-01 to fund over the biennium: (a) salaries and fringe benefits for an additional 200 student IT workers and (b) training for 1,140 student IT workers.

DISCUSSION POINTS

1. In its agency 1999-01 biennial budget submission, UW System staff reported that the number one IT need identified by UW System institutions is additional IT staff. Staff noted that the UW System is facing a shortage of qualified IT staff because there are not enough IT professionals nationally to meet demand and salary levels offered by public institutions of higher education are not competitive with the private sector. According to System staff, this shortage in IT staff will lead to inadequate support for faculty in integrating technology into courses, for maintenance of campus networks, developing administrative systems and support to answer student questions.

2. In order to address these concerns, UW System requested funding for training and hiring additional student IT workers. Staff note that additional IT staff is needed in all technical support areas including, help desks, computer maintenance and installation, software troubleshooting, classroom technical support, network installation and maintenance, technical support for faculty and staff and vendor specific training for advanced students.

3. System staff suggest that solving the System's IT staffing shortages by hiring and training students would benefit the state, the System and students. Students from various disciplines would receive training that would provide additional job skills, while the UW System, with additional position and training funding, would be able to attract and retain more qualified IT workers. In addition, staff note that the state would benefit under this initiative, as the potential supply of IT workers would be increased.

4. The Governor's recommendations would provide \$276,900 GPR and \$149,100 PR in 1999-00 and \$1,404,000 GPR and \$756,000 PR in 2000-01 to fund salaries and fringe benefits for an additional 200 student IT workers over the biennium. Specifically, the funding would be used to hire 40 student workers in 1999-00 and 160 new workers in 2000-01 based on an hourly rate of \$9.73 in 1999-00 and \$9.87 in 2000-01. Funding in the bill is based on an estimate that each student would work 1,080 hours a year. Actual student wages will vary based on experience and the specific IT position held.

5. Current wages vary for student IT workers by institution. UW System requested an hourly rate of \$10 for the additional positions. Based on an informal survey conducted by System budget staff, current student IT workers' wages range from minimum wage to \$11.50 for the 15 entities that responded to the survey. Staff indicated that higher wages are paid to more highly trained and qualified students. It appears reasonable, based on a goal of increasing the number student IT workers throughout the UW System, to provide funding for 200 additional students based on an hourly wage of \$9.73 in 1999-00 and \$9.87 in 2000-01. Individual institutions would have flexibility to assign wages based on the institution's need for workers, the students' IT experience and the IT job requirements.

6. In addition, the bill would provide \$442,000 GPR and \$238,000 PR in 1999-00 and \$1,040,000 GPR and \$560,000 PR in 2000-01 for IT training for 340 student workers in 1999-00

and 800 student IT workers in 2000-01 at an average cost of \$2,000 per student.

7. The UW System requested \$2,500 per student for IT training which was based on the costs of two pilot programs, which ranged from \$2,000 for two weeks of training to \$7,000 for twelve weeks of training. One pilot program trained 40 students from 14 institutions during the summer for two weeks at a cost of \$2,000 per student. The training focused on personal computer concepts, desktop service and customer service. A UW-Madison program trained 22 mostly liberal arts students with little or no IT background over a 12-week period at a cost of \$7,000 per student. The training program provided an opportunity to work on desktop operating systems or Novell certification training.

8. Actual training costs for students will vary depending on the type of IT training provided, number of students trained during a session and the duration of the training. Some types of training such as program certifications will most likely exceed \$2,000 per student; however, basic training courses may cost less than that amount. The budgeted \$2,000 per student amount appears to provide a reasonable level of funding.

9. Currently, there are approximately 950 student IT workers at the central IT offices at UW System institutions. This number does not include IT workers within various departments and colleges. Under the bill, an additional 200 IT workers would be hired by 2000-01, resulting in approximately 1,150 IT student workers. Under the Governor's recommendations 340 students would receive training in 1999-00 and 800 student workers in 2000-01. It is difficult, however, to predict whether all of the IT workers would participate in the training and the effects of such training on retention and recruitment of student IT workers.

10. Further, while UW System staff believe that if additional training is provided and increased wages are offered, UW students will work at the UW institutions rather than seeking employment during their school years in the private sector, it is uncertain whether this would actually occur. It is possible that after receiving training students will still choose private sector IT employment. Due to the uncertainties regarding the impact on UW System IT staffing needs of providing a significant source of funding for student IT workers training, the Committee may wish to consider whether \$2.28 million should be provided over the biennium for this purpose.

11. Consideration could be given to providing funding of \$1.36 million over the biennium for training 340 IT student workers in each year of the biennium at an average cost of \$2,000 per student. Under this option, a total of 680 students could be trained over the biennium, 460 less than recommended by the Governor. While training would be provided for fewer students over the biennium, funding for training 680 students would still positively impact the UW System. Further, the additional funding would allow the UW System to start training IT workers and at the same time assess the impact of the training on recruitment and retention of student IT workers.

12. In this regard, members could also consider requiring the UW System to report to the Finance Committee specific information related to the impact of this initiative on UW System IT needs by September 1, 2000. Such information could assist the Committee in evaluating the

effects of this initiative and determining if there is a need for additional funding in this IT area in the 2001-03 biennium. The report could include information such as: (a) the number of new student IT positions filled each year during the biennium at each institution; (b) wages for IT students at the various institutions; (c) the unduplicated number of students at each institution that received IT work-related training over the biennium, the areas of training and associated costs; (d) turnover rates for student IT workers over the biennium; and (e) the length of time students are employed in UW System IT-related jobs.

13. Under the 1993-95 state budget, UW-Madison was granted the authority to assess a 1.5% student technology fee which increased student fees at UW-Madison by \$4.46 million over the 1993-95 biennium. At the time, UW-Madison indicated that it would utilize the increased revenues to (a) develop training programs for students; (b) provide additional computer labs, purchase new computers and replace outdated computers on a standard replacement cycle; (c) provide dial-in access to UW computer systems for students living off-campus; (d) staffing for computer labs and consulting desks; (e) provide students with access to e-mail; and (f) provide support for curriculum development by faculty and staff. The student technology fee was expanded to the other campuses for similar purposes under the 1995-97 state budget.

14. The Governor reestimates funding for the student technology fee by \$600,000 in 1999-00 and \$1,200,000 in 2000-01. The reestimate is intended to reflect increased fee revenues due to increases in tuition and enrollment.

15. Since a designated revenue source was established in part for this purpose, it could be argued that the UW should provide for its technology needs from the technology fee without seeking an increase in tuition revenues or additional state GPR funding. Further, if training is the number one priority, UW System institutions could reallocate base resources to provide funding for additional trained student IT workers as needed. UW System budget staff indicate that institutions have reallocated \$9.2 million in 1997-98 and plan to reallocate \$12.1 million in 1998-99 for IT-related expenses. The reallocation target is \$6 million annually, which is based on one-half a percent of base GPR and fees. It is expected that 1999-01 biennium reallocations will exceed \$6 million annually.

16. On the other hand, as technology needs for higher education increase, arguably funding outside of student fees and tuition should be provided to meet these needs, particularly since demand continues for the services that the initial technology fee was intended to address.

17. If additional funding for this initiative is not provided, the UW System would have to either reallocate base institution resources or allocate funding received from the student technology fee for this purpose.

ALTERNATIVES

1. Approve the Governor's recommendations.
2. Modify the Governor's recommendation by reducing funding for training by \$598,000 GPR and \$322,000 PR in 2000-01 to provide training for 340 IT student workers in 2000-01 instead of 800 student IT workers.

<u>Alternative 2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	-\$598,000	-\$322,000	-\$920,000

3. In addition to alternative 1 or 2, require the UW System to report to the Finance Committee by September 1, 2000, on the following: (a) the number of new student IT positions filled each year during the biennium at each institution; (b) wages for IT students at the various institutions; (c) the unduplicated number of students at each institution that received IT work-related training over the biennium, the areas of training and associated costs; (d) turnover rates for student IT workers over the biennium; and (e) length of time students are employed in UW System IT-related jobs.

4. Maintain current law, which would delete \$718,900 GPR and \$387,100 PR in 1999-00 and \$2,444,000 GPR and \$1,316,000 PR in 2000-01 from the bill.

<u>Alternative 4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	-\$3,162,900	-\$1,703,100	-\$4,866,000

MO# Att 213

Prepared by: Tricia Collins

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 _____

UW SYSTEM

UW System IT Student Workers Retention Plan
[Paper #987]

Motion:

Move to require UW System staff to develop a system wide IT student worker retention plan to help ensure that student workers that receive IT training under the bill continue working in the IT area at the UW System during the students' academic tenure at the University. Require the UW System to submit a copy of this report to the Committee prior to November 1, 1999.

Note:

This motion would require staff from UW System to develop a plan to help ensure student IT workers that receive IT training will continue to work for the UW System.

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 16 NO 0 ABS 0

(Gov) Agency: UW – International Education

Recommendations:

Paper #988: A2, B2+4 a, c + d, C1, D2

Comments: Part C of this paper is important for UWM, though a fraction of what they requested to begin their Global Studies department.

On Part A, the Study Abroad Grants, Fiscal Bureau makes a compelling case for why funding can be reduced without diminishing opportunities to achieve the goal. A2 deletes the first half-million, delaying grants until new students can enjoy the benefits. Students who plan to study abroad in the fall should already have made plans. The goal is to encourage additional students, so it would be best to begin offering the new grants for winter/spring semester. B2 + B4 a,c+d define eligibility.

D2 funds the Business Development research initiative on a one-time basis, providing better legislative oversight.

Prepared by: Bob



Legislative Fiscal Bureau

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May 25, 1999

Joint Committee on Finance

Paper #988

International Education (UW System)

[LFB 1999-01 Budget Summary: Page 621, #5]

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.

GOVERNOR

Provide \$1,000,000 GPR in 1999-00 and \$1,650,000 GPR and \$350,000 PR and 10.0 GPR positions in 2000-01 for the following purposes related to international education: (a) study abroad grants for UW undergraduate students (\$1,000,000 GPR annually); (b) development of a bachelor of global studies program at UW-Milwaukee (\$552,500 GPR and \$297,500 PR and 10.0 GPR positions in 2000-01); and (c) business development initiatives including assisting Wisconsin businesses seeking to trade overseas (\$97,500 GPR and \$52,500 PR in 2000-01).

DISCUSSION POINTS

Study Abroad Grants

1. The bill would increase the UW System's budget by \$1,000,000 GPR annually to provide grants to undergraduate students enrolled at UW System campuses to pay a portion of the costs associated with studying abroad. According to DOA and UW System staff, the proposed

funding would be distributed to UW institutions which would, in turn, award grants of \$2,000 each to undergraduate students on the basis of financial need. The individual campuses would select the students who would receive the grants.

2. The proposed grants are intended to increase the number of UW students who study abroad. While an average of 20% of students attending private colleges in Wisconsin study abroad, this percentage varies among the colleges and can be as high as 45%. By comparison, UW System staff report that in 1997-98, 1,700 UW undergraduates (less than 2%) participated in study abroad programs. University staff indicate that the low participation rate is due to the high cost of the programs, rather than a lack of available programs.

3. The costs associated with study abroad experiences vary significantly depending on the individual institution attended, the city and country in which it is located and the length of time the student is abroad. Based on examples provided by UW System staff, the total cost, including tuition, fees, room and board and transportation, may range from less than \$7,000 for one semester to more than \$16,000 for the entire academic year. These figures do not include personal expenses and the opportunity costs resulting from students having to give up their part-time jobs while they are away. In comparison, the financial aid office at UW-Milwaukee estimates the average cost for a full-time resident undergraduate student for one academic year to be approximately \$10,900, including personal expenses, for a student living away from home. This cost would be approximately \$2,500 less for a student living with a parent.

4. Currently, there are no state programs that provide funds specifically to assist students with the additional cost of foreign study. However, a number of federal programs do provide such assistance and students participating in study abroad programs who demonstrate financial need would most likely continue to receive federal financial aid and, depending on the U.S. institution sponsoring the program, may also receive institutional aid. In addition, students receive aid through private businesses and organizations such as Rotary International and Allen-Bradley. For some exchange programs, the student pays the same tuition and fees charged by the U.S. institution plus transportation to and from the other country. Some students participate in programs sponsored by domestic institutions other than their own and are treated as if they are enrolled in the second institution for the purposes of the program. In this case, the student may actually pay a lower tuition amount than they would have paid at their institution.

5. It is difficult to assess whether the proposed program would significantly increase the number of UW students participating in study abroad programs, since it is possible that many of the students who would receive the grants would have participated anyway. If all of the grants would be awarded to students who would not otherwise have studied abroad, an additional 500 students, for an estimated total of 2,200 students, would participate in the programs. This would still represent less than 2% of all UW undergraduates.

6. The bill would provide funding for the grants beginning in 1999-00. However, students who plan to study abroad beginning with the fall semester of 1999-00 would have already made arrangements by the time the budget bill is enacted, and awarding grants to these students

would not influence their decision. Therefore, the grants would first benefit students who study abroad over the winter or spring sessions. Given the shorter period of time in which the grants could be awarded, funding for the program could be reduced to \$500,000 GPR in 1999-00.

7. Under the bill, the funding for the study abroad grants would be placed in the University's general program operations appropriation for University education, research and public service. Base level funding for this appropriation is approximately \$735.1 million. Although legislative intent would be established in the biennial budget documents, there would not be any statutory provisions regarding the continuation of this program in the future. Further, while executive budget documents indicate that the grants would be \$2,000 each and would be awarded to undergraduate students on the basis of financial need, the bill contains no statutory language associated with these significant aspects of the program. Neither the University's budget request nor the executive budget documents indicate the criteria to be used to determine a student's eligibility or whether nonresidents would be eligible for the grants. Further, it is not known what type of study abroad experiences would qualify under the grant program. Currently, these experiences range from short-term cultural, service-learning or study-tour experiences, to internships and to programs under which a student enrolls in a foreign institution for an entire semester, academic year or summer session. Since many decisions would be left to the individual UW campuses, a concern could be raised regarding potential inequities across campuses among students participating in similar programs and with similar enrollment status and financial need.

8. The two other financial aid programs administered by the UW System, the Lawton minority undergraduate grant program and the advanced opportunity program (AOP), are statutory programs which are funded through individual appropriations. One could argue that a similar structure should be followed for the study abroad grants. A separate, annual GPR appropriation could be established and statutory language could be created to stipulate that the grants of \$2,000 each would be awarded to undergraduate students on the basis of financial need and that in order to be eligible, a student would have to be enrolled at a UW System institution. Other issues which could be addressed by statute include whether nonresidents, part-time students and non-degree-seeking students could receive the grants. Given the variety of study abroad experiences, however, it would be difficult to enumerate in the statutes, the types of programs to which the grants could be applied.

9. The Governor's proposal is nearly identical to the UW System's request, which was prompted by a recommendation of the Wisconsin International Trade Council (WITCO) task force on international education. In 1997, WITCO was directed by the Governor to establish a task force to evaluate current efforts and future needs relating to international education and make recommendations. The final report of the task force, issued in May, 1998, states that "programs such as study abroad--whether for only one week or for a full semester--are the single most effective way to globalize the minds of both students and teachers." The report recommends increasing participation in international educational and cultural experiences including establishing a Wisconsin International Scholars (WIS) program. As envisioned, the program would consist of four subprograms, each aimed at increasing participation of different groups, including teachers, elementary and secondary students and postsecondary students, in "bona fide study abroad, study-

tour or service-learning/internship programs". One of these subprograms would provide travel grants of \$1,000 each to "economically disadvantaged students" enrolled at UW System institutions, Wisconsin Technical College System (WTCS) institutions and private colleges and universities.

10. It has been suggested that the proposed program would be more in keeping with the task force recommendations if it were administered by the Higher Educational Aids Board (HEAB) and open to undergraduates attending all postsecondary institutions in Wisconsin. It is argued that if the purpose of the program is to assist students with financial need in paying for a study abroad experience, the grants should also be awarded to needy students enrolled at WTCS institutions and private colleges. In this case, a new, biennial appropriation within HEAB could be established for the grants and HEAB could be required to promulgate rules for the administration of the program. As with the Governor's proposal, however, it may be desirable to clarify certain issues, such as those relating to student eligibility, in the statutes.

11. According to HEAB staff, the agency would require an additional 0.5 FTE grants specialist position at a cost of \$21,300 GPR in 1999-00 and \$20,600 GPR in 2000-01 to administer the program. The agency is currently authorized a staff of 13.0 FTE positions including an Executive Secretary and a Deputy Executive Secretary, although under previous action on the budget bill by the Joint Committee on Finance, the Deputy position would be eliminated. The 1999-01 budget request for the agency states that "a critical staff shortage continues to exist within HEAB" due to an increase in the number of financial aid programs it is required to administer and concurrent reductions in the number of authorized positions over the last ten years, particularly in the 1995-97 and 1997-99 budgets. Over the last four years, the number of positions authorized has been reduced by 3.85 FTEs while two additional financial aid programs were created and an existing program was expanded.

12. Given that approximately 20% of private college students participate in study abroad programs compared to less than 2% of UW students, one could argue that the Governor's proposal is, in part, intended to address this discrepancy. Expanding the program to include private college students would add approximately 40,800 potentially eligible students and therefore, could significantly reduce the number of grants awarded to UW students.

Bachelor of Arts Degree in Global Studies

13. The bill would provide a total of \$850,000 (\$552,500 GPR and \$297,500 PR) and 10.0 GPR positions in 2000-01 to establish a new bachelor of arts degree in global studies at UW-Milwaukee. The program would represent a collaborative effort on the part of the College of Letters and Science (L&S) and the School of Business Administration with eight faculty members from L&S and two faculty members from the business school. In addition to the amount provided in the bill, the campus would reallocate approximately \$270,000 in base funding for the program.

14. UW System staff indicate that the proposed program is intended to "prepare students for a 'global workforce' and address the international education needs of Wisconsin businesses - helping to ensure the state remains competitive in the global economy." The program is likely to

include areas of emphasis or concentrations in areas such as languages, international business, economics and sociology and global environmental studies. Possible requirements of students who enroll in the program include four years of a foreign language, a mandatory study abroad experience and an international internship. The actual content and requirements of the proposed program have not yet been formulated. However, it is expected that the program would enroll approximately 75 students in the first year of implementation and 100 students in the second year. In the future, Milwaukee would attempt to offer the degree to students at other campuses via distance education.

15. According to DOA staff, the global studies program would complement the Governor's recommendation to provide study abroad grants in that both would assist students in attaining "global literacy," the ability to work and function in a global economy. In addition, the program would incorporate international issues and awareness into areas of study that may not ordinarily include them.

16. Currently, Milwaukee, Oshkosh, Parkside, Platteville, Stevens Point and Whitewater all offer programs in international studies and Madison offers an international relations program and a five-year international business program. In addition, several campuses have programs in various area studies. UW System staff contend that the proposed global studies program would have a broader focus than the existing programs due to its more interdisciplinary nature.

17. The report of the WITCO taskforce notes that the University, private colleges, WTCS institutions and K-12 schools already offer "an immense variety of programs and opportunities related to international education," but that these programs do not always match the needs of business and industry. The taskforce did not specifically recommend that a global studies program be established. However, one of the recommendations of the taskforce was to "infuse international studies in content areas beyond foreign language and social studies and develop international connections throughout the curriculum; develop, disseminate, and provide training on the effective use of curriculum with global and international themes." To implement this recommendation, the report suggests establishing or designating a funding source for this purpose, but does not indicate any amount of funding or specify a source. The final report of the education and training committee of the taskforce, which advanced this recommendation, states that "implementing this recommendation would be done gradually through curriculum modifications and development; costs would be assumed by educational institutions." Arguably, these types of curriculum modifications would impact a greater number of students and could be accomplished at a much lower cost.

18. Prior to implementing a new program, a UW campus must submit to the Board of Regents for its approval a proposal to implement the program. UW System staff indicate that if the proposed funding is provided, Milwaukee is likely to seek the approval of the Board sometime during the 1999-00 academic year. UW System guidelines for new program authorizations state that "most, if not all, of the funding requirements... will be met by reallocation of base resources." Often, low-priority or low-enrollment programs are eliminated in order to fund programs considered to be of higher priority. One could argue that if implementation of a global studies program is a priority for Milwaukee, the campus should reallocate additional base resources and positions for the

program. Alternatively, it may be possible to expand an existing program with an international focus to incorporate more interdisciplinary collaboration.

Business Development Initiatives

19. The bill would provide \$150,000 (\$97,500 GPR and \$52,500 PR) in 2000-01 to support research grants for faculty and graduate students and to develop courses, curriculum and workshops for businesses seeking to trade overseas.

20. According to UW System staff, the primary purpose of the proposed funding would be to support applied research by UW faculty and graduate students in specific areas of interest to Wisconsin businesses. Most of the research that would be conducted would be in response to businesses' requests for information regarding a particular country or region and could focus on topics such as the local customs, economy, business practices and political situation. The research would be undertaken by faculty and students with expertise in the appropriate areas from all UW campuses, with the goal of better preparing the business and its employees for interacting with the foreign nation's government and people. In addition, an advisory committee would be formed to anticipate the needs of businesses, initiate other research projects, implement workshops for businesses and establish priorities for funding. The advisory committee would consist of representatives of Wisconsin businesses and think tanks in Washington D.C. and in other states.

21. In addition to providing assistance to businesses, it is argued that the grants would benefit the graduate students participating in the research projects by honing their research skills while providing them with practical experience and valuable contacts with firms both in Wisconsin and overseas.

22. The following existing agencies and programs currently provide technical assistance to Wisconsin companies conducting business or contemplating conducting business in international markets:

- The International Trade Technical Center at Waukesha County Technical College (WCTC) provides technical assistance to Wisconsin businesses seeking to implement or expand export or overseas operations. The Center is staffed by a research technician, an international trade specialist and students from WCTC's associate degree programs in international trade and marketing as well as student interns from other area colleges such as Alverno College. Staff members respond to questions from businesses by providing informational materials and conducting research which may include market analyses, cultural studies and developing lists of potential distributors and customers in other countries. Responses to inquiries requiring only short-term research (approximately two hours or less) are free. For longer-term projects, the Center charges a fee which varies depending on the scope of the research. The Center also provides a training program called Organizing for Export which is a course delivered on-site at the company and includes four sessions: (1) assessing export readiness; (2) developing an export team; (3) establishing markets overseas; and (4) establishing export operations. An advanced session on analyzing strategic alliances is also available.

- The Department of Commerce Division of International Development and the UW-Extension Small Business Development Center have established joint programs that provide assistance to small and medium-sized businesses at all phases of the export process including companies with little or no export experience that have expressed initial interest in exporting, companies that are ready to begin exporting and companies that wish to expand current export operations. The types of assistance provided include export readiness assessments, marketing analyses and plans, and sales contacts and leads.

- The Division of International and Export Services within Commerce assists Wisconsin businesses in increasing their sales in the international marketplace. The Division contracts with individuals or agencies in foreign countries for assistance in the growth of Wisconsin exports and the promotion of Wisconsin as an investment location. In addition, the Division has four international outreach consultants located around the state for the purpose of helping firms that already export to expand their operations. Each of the outreach consultants, plus two additional staff members based in Madison, specialize in different regions of the world and assist exporters with questions about the business culture and market conditions of specific countries.

- The Division of International and Export Services contracts with individuals to operate dedicated trade offices in Germany and Mexico and shares trade offices in several other countries with other states. The Division also contracts with companies in China, Korea, Japan and countries in Southeast Asia to provide export assistance to Wisconsin companies. The activities of these offices and contracts include supplementing the assistance offered by the Wisconsin staff, conducting market research and viability analyses and arranging appointments for visiting Wisconsin businesspeople.

23. UW System staff contend that the existing services provide only basic information and counseling to Wisconsin businesses, while the proposed funding would support much more in-depth, customized research and therefore, would not represent a duplication of existing services. However, it appears that the services currently provided by WCTC's International Trade Technical Center are very similar to those proposed by the University. Therefore, the Governor's proposal may represent a duplication of existing efforts.

24. The International Trade Technical Center was established with a \$50,000 grant from WCTC to purchase materials and expends approximately \$14,000 annually to maintain its materials collection. As noted, longer-term research projects are self-funded through fees charged to the businesses receiving the services. According to UW System staff, it is intended that the research conducted by University faculty at the request of individual businesses would eventually be self-supporting through fees, while the more general projects recommended by the advisory committee would not. However, the amount that would be required to fund the committee's research projects on an ongoing basis is not known. Due to the uncertainty of the future need for the funding and the potential for fee revenues from businesses, it may be appropriate to provide the proposed \$150,000 for this purpose as one-time funding. This would permit the Legislature to evaluate the research services provided by the University and the need for funding in the 2001-03 biennium.

ALTERNATIVES

A. Study Abroad Grants -- Funding Level

1. Approve the Governor's recommendation to provide \$1,000,000 GPR annually for study abroad grants for UW undergraduate students.
2. Modify the Governor's recommendation by reducing the amount provided by \$500,000 GPR in 1999-00 to reflect the shortened period of time in which students would be able to receive the grants in that year.

<u>Alternative A2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	- \$500,000

3. Maintain current law.

<u>Alternative A3</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	- \$2,000,000

B. Study Abroad Grants -- Appropriation and Program Structure

1. Approve the Governor's recommendation to provide funding in the UW System's GPR appropriation for University education, research and public service.
2. Modify the Governor's recommendation by providing the proposed funding in a new, annual GPR appropriation and including statutory language requiring the Board of Regents to establish a program to award need-based grants of \$2,000 each to undergraduate students enrolled in the UW System to assist in paying the costs associated with the student's study abroad experience.
3. Modify the Governor's recommendation by providing the funding in a new, biennial appropriation within the Higher Educational Aids Board. Require HEAB to establish the program to award need-based grants of \$2,000 each to undergraduate students enrolled in the UW System to assist in paying the costs associated with a student's study abroad experience. Specify that, in order to be eligible for a grant, a student would have to be enrolled at a UW System institution, a WTCS institution or an accredited, nonprofit, private college or university located in Wisconsin. Require HEAB to promulgate rules for the administration of the program.
4. In addition to Alternatives B2 or B3, specify that, in order to be eligible for a grant, a student would have to be:
 - a. A Wisconsin resident.

- b. Enrolled for at least six credits in the semester immediately preceding his or her study abroad experience.
- c. Enrolled on a full-time basis in the semester immediately preceding his or her study abroad experience.
- d. Enrolled in a program leading to an associate or bachelor's degree.

5. In addition to Alternative B3, provide \$21,300 GPR in 1999-00 and \$20,600 GPR in 2000-01 and 0.5 GPR position beginning in 1999-00 to HEAB to reflect increased staff workload associated with administering the study abroad grants program.

<u>Alternative B5</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	\$41,900
2000-01 POSITIONS (Change to Bill)	0.50

C. Bachelor of Arts Degree in Global Studies

- 1. Approve the Governor's recommendation to provide \$552,500 GPR and \$297,500 PR and 10.0 GPR positions in 2000-01 for the development of a bachelor's degree program in global studies at UW-Milwaukee.
- 2. Maintain current law.

<u>Alternative C2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	- \$552,500	- \$297,500	- \$850,000
2000-01 POSITIONS (Change to Bill)	- 10.00	0.00	- 10.00

D. Business Development Initiatives

- 1. Approve the Governor's recommendation to provide \$97,500 GPR and \$52,500 PR in 2000-01 for business development initiatives including assisting Wisconsin businesses seeking to trade overseas.
- 2. Modify the Governor's recommendation by specifying that funding for the business development initiatives would be provided on a one-time basis in 2000-01 only.
- 3. Maintain current law.

Alternative D3	GPR	PR	TOTAL
1999-01 FUNDING (Change to Bill)	- \$97,500	- \$52,500	- \$150,000

Prepared by: Merry Larsen

MO# A-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
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 17 NO 4 ABS _____

MO# B2, B4, ACO

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 16 NO 0 ABS _____

MO# D2

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 7 NO 9 ABS _____

MO# D-3

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

AYE 9 NO 7 ABS _____

(Gov) Agency: UW – Tuition Revenue Expenditure Authority

Recommendations:

Paper #989: Alternative A3, B1, C1 + D1

Comments: This would maintain current law, the 104% / 107% flexibility won by the UW in the last budget. It would re-establish the sunset date (vetoed last time by the governor). It also, under Alternative D, would prevent DOA from sitting on 16.515 requests.

System argues, and has stirred up considerable lobbying by administrators and business folks, that the Regents should be granted the unfettered flexibility proposed by the gov. Students, and legislative purists, insist this would be an abdication of responsibility, passing power from an elected body to an appointed board.

Alternative A3 provides some middle ground. It allows some flexibility, which should be ample to allow administrators the creativity they crave to cater to non-traditional students. Alternative D1 also prevents DOA from sitting on requests that should come to the Legislature promptly.

Failure to allow some flexibility will force the Legislature to come up with the cash to fully fund whatever pay plan is eventually devised. Backing a motion to kill all flexibility puts one in the position of having to answer "how are you going to pay for it?"

The UW's original 5.2% system-wide request would cost \$25.4 GPR/\$11.9 million PR in the first year and \$52.9 million GPR/\$23.6 million PR in the second year.

Prepared by: Bob



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May 25, 1999

Joint Committee on Finance

Paper #989

Tuition Revenue Expenditure Authority (UW System)

[LFB 1999-01 Budget Summary: Page 622, #6]

CURRENT LAW

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

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

GOVERNOR

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

DISCUSSION POINTS

Background -- Current Tuition Revenue Expenditure Flexibility

1. The appropriation for tuition and fees includes revenues generated not only from the academic tuition schedule (89.4% of the appropriation), but also from summer school fees, off-campus degree programs, special fees for law students, master's level business students, nonresident undergraduates at Madison and other special fee programs, and the application fee. In addition, the UW System budgets a certain amount of tuition and fee revenues as a "fee contingency reserve" for additional revenues that may be generated due to enrollment increases, changes in the mix of students and the possible use of the 104%/107% flexibility. Due to these other types of fees, a 5% increase in the appropriation expenditure level would not necessarily translate into an average 5% academic year tuition increase.
2. The amount appropriated for tuition and fee revenues is determined by the Governor and Legislature in the biennial budget process and has traditionally been based on specific funding items in the University's budget. UW System requests for new funding typically reflect a sharing of costs between student fees and GPR. While the GPR/fee ratio is not statutory, it has been the policy of the Board of Regents to request a ratio of 65% GPR/35% PR tuition and fees. In their review of these funding requests for inclusion in the state budget, the Governor and Legislature may alter this ratio. In its biennial budget submission, the UW System may also reestimate the amount of tuition and fees generated due to anticipated increases in enrollments. Based on the amount appropriated and any additional expenditure authority it plans to use, the UW System calculates a systemwide tuition revenue target which is then used to set tuition.
3. Under current law, if the Board of Regents wishes to expend tuition and fee revenues in excess of the expenditure authority provided (including the 104%/107% flexibility), the Board may submit a request for additional expenditure authority to the Secretary of DOA, provided that sufficient revenues are available. If the Secretary proposes to increase the expenditure authority, the request is then submitted to JFC for its approval under s. 16.515 of the statutes.
4. The flexibility to expend up to 104% of the amount appropriated by the Legislature in the first year of a biennium and up to 107% of the amount appropriated in the second year of a biennium was granted to the Board of Regents in the 1997-99 state budget (1997 Act 27) and first took effect with the 1997-98 fiscal year. As passed by the Legislature, the provision would have applied to the 1997-99 biennium only. The Governor's veto of a portion of the provision made the flexibility permanent. The appropriation amount for tuition and fees established by the Legislature for 1997-98 was \$393.4 million. However, under the provision, the Board was actually allowed to spend up to \$449.5 million without prior approval from JFC. The additional \$56.1 million consisted of funds budgeted but not spent in 1996-97 (\$31.3 million), the 4% flexibility (\$15.7 million) and compensation increases included in the pay plan (\$9.1 million). Actual 1997-98 expenditures from this appropriation totaled \$420.7 million, approximately 94% of the maximum expenditure authority.

5. In the 1997-99 biennium, the 104%/107% flexibility was used primarily to fund a portion of the state's compensation plan for unclassified UW employees. Under the pay plan, the Joint Committee on Employment Relations approved compensation increases of 3.0% in 1997-98 and 3.5% in 1998-99 to be funded through the compensation reserves and authorized annual 1.0% unfunded adjustments for merit increases for faculty and academic staff. However, due to insufficient funds in the compensation reserves, agencies received pay plan supplements for only 75% of the GPR costs associated with the 3.0% and 3.5% increases with the remaining amounts funded through the agencies' base budgets. The UW System was able to use tuition revenues to fund this portion of the pay plan. Therefore, of the total \$15.7 million in 1997-98 and \$27.7 million in 1998-99 available through the tuition flexibility provision, the University used \$8.9 million in 1997-98 and \$15.2 million in 1998-99 for compensation increases funded solely with tuition revenues. According to UW System staff, the flexibility was also used to cover additional revenues generated through differential tuition initiatives at certain campuses, enrollment increases, new programs and additional course sections.

Background -- Use of Tuition Revenues for Unclassified Compensation Increases

6. Salaries for unclassified UW faculty and staff are determined by the same pay plan process used for other nonrepresented employees except that the Board of Regents is required to submit a pay plan request for unclassified employees to the Secretary of the Department of Employment Relations (DER). The DER Secretary then submits a separate recommendation for UW unclassified staff pay plan increases to JCOER which can approve, modify or reject the DER recommendation. The Board has the authority to provide salary increases beyond those included in the pay plan if the increases are awarded to correct a salary inequity or to recognize competitive factors.

7. In November, 1998, the Board of Regents approved a resolution to request a 5.2% annual salary increase for unclassified faculty and academic staff at an estimated cost of \$25.4 million GPR and \$11.3 million PR in 1999-00 and \$52.9 million GPR and \$23.6 million PR in 2000-01. The request was based on a UW compensation advisory committee's examination of salaries paid at peer institutions in other states in 1997-98 and projected increases in 1998-99 through 2000-01. The committee estimated that, on average, UW salaries would be 4.79% below the peer average in 1998-99 and that the peers would provide average increases of 2.6% in 1999-00 and 3.0% in 2000-01. Based on this estimate, the total percentage needed to reach the peer average by the end of the biennium was calculated to be 10.39%, or approximately 5.2% annually.

8. Traditionally, salaries of unclassified UW faculty and staff are funded through a combination of GPR (69%) and tuition revenues (31%). Funding for salaries is not split on a 65% GPR/35% PR basis because a portion of faculty and staff responsibilities, such as public service and research, are not considered to be instruction-related and therefore, have no tuition component. In order to allow the Board of Regents to fund compensation increases solely using tuition revenues, a nonstatutory provision was included in Act 27. The provision permitted the Board to allocate sufficient tuition revenues for that portion of the 1997-99 pay plan increases for faculty and academic staff not funded through the compensation reserves. Since the Act 27 provision was

effective in the 1997-99 biennium only, and AB 133 does not include a comparable provision, it is not clear that the University could fund any portion of the 1999-01 pay plan using only tuition revenues.

9. It is estimated that each 1% increase in faculty and staff compensation that is funded entirely with tuition revenues would result in a 1.7% increase in tuition, whereas if these increases were supported according to the usual GPR/fee split, a 1% increase in compensation would result in a 0.7% increase in average tuition.

10. In testimony on the 1999-01 budget bill, the President of the UW System stated that "it is critical that the state fully fund the 1999-01 pay plan on the traditional GPR/fee split so that we do not face a repeat of this biennium's requirement to fund part of the state share from our base." While JCOER has not yet determined the increases which will be provided under the compensation plan, the amount available in the compensation reserves suggests that an annual 5.2% increase is unlikely.

Proposal to Change Tuition Appropriation to a Continuing Appropriation

11. The bill would allow the UW to expend all monies received as tuition and fees, without limit and without the prior approval of the Legislature or the Joint Committee on Finance. In his testimony on the bill to the Joint Committee on Finance, the President of the Board of Regents stated that this authority "would enable UW campuses...to respond rapidly to a changing body of knowledge and student demand for specific programs." Specifically, it is argued that the additional flexibility is needed for the UW System to expand services provided to nontraditional students, provide distance education courses and develop customized and collaborative programs.

12. UW System staff contend that the 14-day passive review process that is currently in place to allow agencies to request additional PR expenditure authority is too time-consuming and does not allow for "prospective spending and revenue generation."

13. Under s. 16.515 of the statutes, the Secretary of DOA may approve additional program revenue expenditure authority if the request is approved by the Joint Committee on Finance and the Secretary determines that the current expenditure authority "is insufficient because of unforeseen emergencies or insufficient to accomplish the purpose for which made, if the Secretary finds that an emergency exists, no funds are available for such purposes and the purposes for which a supplemental appropriation is requested have been authorized or directed by the Legislature." If, within 14 working days of the Secretary's notification to the Joint Committee on Finance, the Committee does not schedule a meeting to review the proposal, the Secretary may provide the supplement. While sufficient revenues would have to exist in the appropriation account to cover the amount of the supplement, current law would not appear to require that those revenues would have to be generated specifically by the activity for which the additional expenditure authority is sought.

14. While the Joint Committee on Finance is required to approve requests under s.

16.515 of the statutes within 14 working days, or schedule a meeting to review the request, no similar time restriction exists for the Secretary of DOA to act on the request. UW System staff indicate that in 1992, the last time the University requested additional tuition revenue expenditure authority, the process took two months to complete. One could argue that the amount of time required for review and action on an agency's request could be significantly reduced if DOA were required to act on the request within 14 working days of the date on which the request was received.

15. Due to differences in budget practices and the structure of higher education institutions in other states, it is difficult to make cross-state comparisons of budgetary controls. However, a survey of five surrounding states indicates that public colleges and universities in those states have substantial discretion in setting tuition rates and expending tuition revenues, with one exception. In Ohio, there is an annual cap on the percentage by which the Board of Trustees of a university may increase tuition. Under the caps, which have been in place for several years, tuition may be increased by up to 4% by a vote of the Board of Trustees and by up to 6% by two separate votes of the Board. If a 6% increase is approved, the university must provide a portion of the increase in the form of financial aid.

16. Based on the appropriation levels in the bill, the current law 104%/107% flexibility would enable the Board of Regents to expend tuition revenues up to an additional \$17.6 million in 1999-00 and \$31.5 million in 2000-01, above the amounts appropriated in the budget bill. The University's expenditure authority would also be increased by any amount by which the prior year's budgeted amount exceeded actual expenditures. UW System staff indicate that it is uncertain whether the current flexibility would be sufficient in the 1999-01 budget, and would depend on the Legislature's action on the various expenditure items in the bill and on demands for adult continuing education.

Impact of the Proposal on Tuition

17. In evaluating tuition at UW System institutions, comparisons are often made with tuition charged at peer institutions. With the exception of Northwestern, because it is private and Penn State because it is not located in the Midwest, the Big Ten Universities are generally cited as peers of UW-Madison. The peer group for Milwaukee consists of other urban campuses across the nation and the peer group for the comprehensive campuses includes similar public universities in the Midwest. To ensure comparability of data, segregated fees which are charged to all students and determined by the individual campuses, are included. The following table compares tuition and fees at Madison and Milwaukee and the average tuition and fees at the comprehensive institutions to the average and mid-point tuition charged by these institutions' peers in 1998-99.

**1998-99 UW Tuition and Fees
Compared to Peer Group Averages and Mid-Points**

	Resident		Nonresident	
	Undergraduate	Graduate	Undergraduate	Graduate
UW-Madison	\$3,406	\$4,926	\$11,586	\$15,188
Big Ten Average (Excluding WI)	4,404	5,434	12,677	12,753
Big Ten Mid-Point (Excluding WI)	4,312	5,289	12,034	11,594
Distance to Mid-Point	-906	-363	-448	3,594
Rank (of 9)	8	6	5	2
UW-Milwaukee	\$3,480	\$4,994	\$11,370	\$15,214
Peer Group Average (Excluding WI)	4,106	4,912	9,828	10,035
Peer Group Mid-Point (Excluding WI)	4,087	4,776	9,756	10,140
Distance to Mid-Point	-607	218	1,614	5,074
Rank (of 15)	11	8	4	1
UW Comprehensive Campus Average	\$2,900	\$3,693	\$9,182	\$11,337
Peer Group Average (Excluding WI)	3,394	3,821	8,000	8,045
Peer Group Mid-Point (Excluding WI)	3,209	3,494	7,597	7,809
Distance to Mid-Point	-309	199	1,585	3,528
Rank (of 35)	30	15	8	4

18. As shown in the table, UW tuition is consistently lower than the peer group averages and mid-points for resident undergraduates and, with the exception of UW-Madison, tuition is higher than the peer mid-points for graduate students. Tuition charged for all nonresidents, except undergraduates enrolled at Madison, is considerably higher than the peer averages and mid-points.

19. The impact of the proposal on UW tuition increases would depend on the extent to which the new authority would be used by the Board of Regents and the reasons for its use. Spending items specifically authorized in the bill would result in average tuition increases of 1.7% in 1999-00 and 2.5% in 2000-01 at all campuses except UW-Madison, at which the average increases are estimated at 4.8% in 1999-00 and 4.7% in 2000-01. These percentages do not include increases resulting from the compensation plan. The proposed flexibility could result in higher tuition increases if the Board of Regents chose to increase tuition in order to fund spending items not included in the bill. On the other hand, use of the flexibility due to the generation of additional tuition revenues resulting from unanticipated increases in enrollment or activities such as distance education courses offered to adult students or customized courses provided to businesses, would not cause further tuition increases.

20. In his testimony on the bill, the President of the Board of Regents stated that the "continuing appropriation [proposal] is not a tool to raise regular tuition" and that "the Board of Regents is committed to no double-digit increases in regular tuition." While the current Board of

Regents tuition policy specifies that "tuition increases should be moderate and predictable, subject to the need to maintain quality," one could question whether a tuition increase not exceeding 9.9% would be considered moderate.

21. Students and student groups providing public testimony on the bill have opposed the Governor's recommendation to change the appropriation for tuition revenues to an all monies received, continuing appropriation. The United Council of Wisconsin Students, which represents students at all UW campuses, has not only expressed opposition to the new flexibility, but has also urged the Legislature to sunset the current 104%/107% flexibility at the end of the 2000-01 biennium.

Impact of the Proposal on Legislative Oversight

22. UW System staff argue that oversight by the Governor and Legislature would continue under the proposal in the context of the biennial budget. The Legislature could, it is argued, withdraw the authority if it took issue with the Board of Regents' use of it.

23. The Legislature has delegated primary responsibility for the governance of the UW System to the Board of Regents, which has an extensive staff in the form of UW System administration. The Board is responsible for carrying out the purposes of the System, which includes enabling "students of all ages, backgrounds and levels of income to participate in the search for knowledge and individual development." One could argue that the Board should be provided with the flexibility to perform its duties as it sees fit.

24. There are a number of all monies received, continuing program revenue appropriations within the UW System's budget. Three of these appropriations, for auxiliary enterprises and general operational receipts, were converted from annual to continuing appropriations in the 1995-97 budget act. The Act also required the Board of Regents to report annually to DOA and the Joint Committee on Finance the amount of expenditures from these appropriations in the previous fiscal year that were in excess of the amounts appropriated. If the Committee wishes to approve the Governor's recommendation while preserving some level of legislative oversight, a similar reporting requirement could be implemented for the appropriation for tuition and fee revenues. Since the use of the proposed flexibility could have a significant impact on tuition levels, it may be appropriate to require that the Board's report also include the purposes for which the additional revenues were expended and the amount spent for each such purpose.

25. Since the Board of Regents has the authority to set tuition rates, the current role of the Legislature in the tuition setting process is indirect at best. However, through its control over the amount appropriated for tuition and fees, the Legislature has maintained oversight over tuition levels since the Board of Regents needs legislative approval in order to spend tuition revenues in excess of a certain amount. Even under the additional flexibility granted in the 1997-99 budget, the upper limit on the amount that can be expended without prior approval is defined. However, under the Governor's recommendation, there would be no restriction on the amount of additional tuition revenues that could be spent. Because UW spending and the related level of tuition is a matter of

statewide concern, it could be argued that it would be desirable to maintain oversight by the elected representatives of the citizens of the state rather than an appointed board.

26. In testimony on the bill to the Senate Education Committee, representatives of the United Council of Students expressed concern regarding the perceived shift in oversight from an elected to an appointed body. The Legislative Affairs Director for the United Council reported that "students across Wisconsin see the move towards Full Tuition Flexibility for the Regents as a way to balance the state budget on the backs of students," and concluded that under the proposed flexibility, "students would suffer large tuition increases anytime the UW System was underfunded in the budget process."

27. The Legislature's action in the 1997-99 budget act to grant limited flexibility in the form of the 104%/107% provision represented a significant departure from prior budgeting procedures as well as the authority of other state agencies. In addition, the unusual circumstance of JCOER's authorization of a state compensation plan which exceeded the capacity of the compensation reserves affected the Board of Regents use of the flexibility. Given that the current flexibility provision has been in place for only one biennium, one could argue that the 104%/107% provision should be maintained in the absence of any evidence that the additional expenditure authority under the current law provision would be insufficient in the 1999-01 biennium.

ALTERNATIVES

A. Appropriation for Tuition and Fee Revenues

1. Approve the Governor's recommendation to change the appropriation for tuition and fee revenues from an annual, sum certain to be an all monies received, continuing appropriation.
2. Modify the Governor's recommendation by requiring the Board of Regents to report annually to DOA and the Joint Committee on Finance on the amount by which expenditures from the appropriation in the previous fiscal year exceeded of the amount appropriated, the purposes for which the additional revenues were expended and the amount spent for each such purpose.
3. Maintain current law. The Board of Regents would be permitted to expend tuition revenues in excess of the amount appropriated by 4% in the first year of a biennium and by 7% in the second year of a biennium.

B. Use of Tuition and Fee Revenues

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

C. Sunset Tuition Flexibility Provision

1. Specify that whatever tuition flexibility provision is incorporated in the budget bill, either the proposed continuing appropriation or the current law 104%/107% provision, would sunset on June 30, 2001.
2. Maintain current law.

D. Procedures for Supplementation of Program Revenue Appropriations

1. Require that, if the Secretary of DOA proposes to supplement a program revenue appropriation under s. 16.515 of the statute, the Secretary would have to notify the Joint Committee on Finance in writing, of the proposed action within 14 working days of receipt of the agency's request for the increase in expenditure authority.
2. Maintain current law.

Prepared by: Merry Larsen

MO# A-2

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

AYE 7 NO 9 ABS _____

MO# A-3

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

AYE 9 NO 7 ABS _____

MO# B-1

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

AYE 10 NO 0 ABS _____

MO# C-1

MO# _____

1 BURKE	Y	N	A
DECKER	Y	N	A
2 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

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 5 NO 11 ABS 5

AYE _____ NO _____ ABS _____

(Gov) Agency: UW – GPR Position Authority

Recommendations:

Paper #990: Alternative 2 3

Comments: This would support the gov's proposal to give the Regents added flexibility in creating new positions, but adds a bit of legislative oversight. Because the gov's proposal is limited to 1% of staff, it isn't that bad on its own. However, 1% of 18,250 positions is still a whopping number.

Prepared by: Bob



Legislative Fiscal Bureau

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May 25, 1999

Joint Committee on Finance

Paper #990

GPR Position Authority (UW System)

[LFB 1999-01 Budget Summary: Page 623, #8]

CURRENT LAW

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

GOVERNOR

Permit the Board of Regents to submit a proposal, during the 1999-01 biennium, to the Secretaries of the Department of Administration (DOA) and the Department of Employment Relations (DER) to increase its authorized FTE positions that are funded in whole or in part with GPR. Provide that the Board could propose an increase of up to 1% above the base level of authorized GPR positions. Require that the proposal include the Board's methodology for accounting for the cost of funding the positions. Provide that the Secretaries of DOA and DER could only approve such a proposal if the incremental costs for the positions, as determined by the Secretaries, would not be included in any subsequent biennial budget request submitted by the Board. Provide that if the Secretaries of DOA and DER jointly approve the proposal, the positions would be authorized. Prohibit the Board from requesting any funds for compensation adjustments for these positions during the 1999-01 biennium. Require the Board to report to the Secretaries of DOA and DER no later than the last day of the month following the close of each calendar quarter, on the number of positions authorized under this provision that have been filled by the Board during the preceding calendar quarter and the source of funding for each of the positions.

DISCUSSION POINTS

1. The UW System is currently authorized 18,250.94 GPR positions. However, the bill

would provide an additional 29.0 GPR positions over the biennium, resulting in total GPR positions of 18,261.44 in 1999-00 and 18,290.44 in 2000-01. Thus, under the Governor's recommendation, the University could create approximately 183 new GPR positions during the biennium. However, the 1% limit would be based on the number of authorized GPR positions at the time the proposal is submitted, which could be higher than the level authorized in the budget act due to additional positions authorized under s. 13.10 of the statutes or separate legislation.

2. In its 1999-01 agency budget submission, the UW System requested authorization increase the number of authorized GPR positions up to a limit of 3% above the base level without prior approval of the Governor or Legislature. UW staff argued that the position flexibility would allow the University to address changing needs quickly, and to avoid the usual legislative approval processes which "can take a significant amount of time." In its proposal, the University stated that "any positions created under this mechanism would be funded through the base."

3. The Governor's recommendation is intended to provide the UW System with limited position authorization flexibility while maintaining a measure of oversight by requiring the approval of the Secretaries of DOA and DER. Essentially, the University would be required to identify the methodology that it intends to use to ensure that no additional state funding would be required for the positions in 1999-01 or in future biennia. The flexibility would be provided for the 1999-01 biennium only.

4. While the UW System has stated that any new GPR positions created under the proposed provision would be funded using base resources, UW System staff indicate that the methodology the University would use to account for the cost of funding the positions, as would be required under the bill, has not yet been determined.

5. As of April 1, 1999, the number of GPR vacancies within the UW System was 233.68 positions, or approximately 1.3% of the total number of authorized GPR positions. Typically, UW vacancies vary seasonally due to variations in student enrollments and recruitment and hiring patterns. Since April, 1998, the number of GPR vacancies has ranged from 167.83 (0.9%) to 439.89 (2.4%).

6. GPR position vacancies at individual UW campuses currently range from 0% to 3.2% (27.05 positions). As part of its annual budget process, UW System allocates position authorizations among the UW institutions based on prior year allocations and the purposes of any additional funding and positions provided in the biennial budget or other legislation. Campuses that require additional position authority often arrange to "borrow" positions from one or more other campuses that have excess position authority. Typically, positions are loaned on a temporary basis, usually for one to three years. For example, in 1998-99, Madison has a total of 41.19 GPR positions currently on loan to other campuses while La Crosse has borrowed 27.0 GPR positions.

7. Individual campuses may have an insufficient number of authorized positions for a variety of reasons including: the provision of continuing education programs offered for local businesses; differential tuition initiatives under which additional tuition revenues are generated and

used to increase services to students or course sections; and increasing enrollments, particularly in the fall semester. As an example, UW-La Crosse received an increase in GPR funding in the 1997-99 budget for its allied health programs. Because the campus planned to reallocate vacant positions, no additional position authority for the programs was requested. However, the vacant positions had to be filled to accommodate greater than anticipated enrollment increases and so were not available for the allied health programs.

8. Under current law, the Board of Regents has the authority to create and abolish positions funded from the University's appropriations for: auxiliary enterprises; general operations receipts; gifts and donations; federal aid; federal indirect cost reimbursement; and trust fund income. The Board is required to submit a quarterly report to DOA and the Joint Committee on Finance concerning the number of positions funded from these appropriations that were created or abolished during the preceding calendar quarter and the source of funding for each position.

9. In the past, the UW System has been granted other position-related flexibilities not available to most other state agencies. For example, the University is permitted to retain and reallocate position authorization and funding from vacant positions. The reallocated funds become part of the University's permanent base for the items to which the funds are reallocated. If the positions ever need to be filled again, new state funding would have to be requested. In addition, the UW System is not part of the state's personnel management information system (PMIS), but has been permitted to create its own system. Funding for compensation increases authorized by the Legislature for a given biennium is based on University's actual payroll base for October of the year preceding the biennium. For example, compensation adjustments for 1999-01 would be based on the payroll for October, 1998. Therefore, any positions authorized in the 1999-01 biennium would not receive pay plan supplements until the 2001-03 biennium, which would use the October, 2000 payroll as the basis for the adjustments. The fact that the UW System does not participate in PMIS may make it difficult to monitor its use of the proposed flexibility.

10. The UW System also has the flexibility to pool GPR funding for general program operations with tuition revenues as well as funds from other appropriations. While most UW positions are funded through a combination of GPR and PR tuition revenues, the positions are traditionally classified as GPR positions. Given that a separate provision in the bill would allow the University to expend tuition and fee revenues as they are generated, without limit and without prior approval by the Governor or Legislature, a concern could be raised that the University could fund compensation increases for the newly-created positions through tuition increases. However, under the bill, the Board would have to report quarterly on the positions created and the source of funds used.

11. One could view the Governor's recommendation as a reduction in legislative oversight. In effect, the proposal represents a shift of some oversight from the Legislature to DOA and DER. This oversight function could be preserved, while still providing additional flexibility to the UW System, by specifying that the Joint Committee on Finance would also have to approve the Board's proposal to create the new GPR positions if the proposal is approved by DOA and DER. The approval process could be accomplished under a 14-day passive review process similar to that

currently used to increase agencies' PR position authorizations.

ALTERNATIVES

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

2. Modify the Governor's recommendation by specifying that any proposal by the Board of Regents to increase the number of authorized positions that are funded in whole or in part with GPR that has been approved by DER and DOA would then be subject to approval by the Joint Committee on Finance under a 14-day passive review process. Require the Board of Regents to report quarterly to the Joint Committee on Finance, as well as to the Secretaries of DER and DOA, on the number of positions that have been filled and the funding source for each of the positions.

3. Maintain current law.

Prepared by: Merry Larsen

MO# 1143

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
2 GARD	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

(Gov) Agency: UW – Extension Pay Plan Supplement

Recommendations:

Paper #991: Modification

Comments: Just a modification.

Prepared by: Bob



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May 25, 1999

Joint Committee on Finance

Paper #991

UW-Extension Pay Plan Supplement (UW System)

[LFB 1999-01 Budget Summary: Page 625, #13]

CURRENT LAW

The state provides a GPR supplement to cover the difference between increases in the federal Smith-Lever formula funding and the cost of compensation increases for Smith-Lever funded cooperative Extension positions.

GOVERNOR

Provide \$224,500 GPR annually to fund 1997-99 pay plan increases for federally funded Smith-Lever positions. Of this funding amount provided, \$33,200 GPR annually is for 25% of the 1997-98 unfunded pay plan amounts and \$191,300 GPR annually is for all of the 1998-99 unfunded pay plan amounts.

MODIFICATION

Delete \$191,300 GPR annually.

Explanation: Staff from the UW System budget office indicate that the UW has received sufficient federal funding to fund the 1998-99 pay plan increases for the federal Smith-Lever positions.

<u>Modification</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	- \$382,600

Prepared by: Tricia Collins

MO# modification

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0

(Gov) Agency: UW – Area Health Education Centers

Recommendations:

Paper #992: A2, B~~1~~

Comments: With the Medical College of Wisconsin getting out of the AHEC business, Alternative A2 clarifies the gov's proposal to bring AHECs entirely under UW. (see point 11)

Alternative B2 increases funding to offset declining federal dollars. This is not "backfilling" or some other catch phrase for federal backsliding, because the feds never intended to provide more than start-up money. (see point 5)

The question is whether we still need to improve access to primary health services in under-served areas.

Alternative B2 provides a prudent way to release funds gradually so the committee can be assured the program is getting results.

Prepared by: Bob



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May 25, 1999

Joint Committee on Finance

Paper #992

Area Health Education Centers (UW System)

[LFB 1999-01 Budget Summary: Page 625, #15]

CURRENT LAW

In 1998-99, a total of \$800,000 GPR is appropriated for Area Health Education Centers (AHECs), with \$400,000 under both the Medical College of Wisconsin (MCW) and the UW System. AHECs are regional centers designed to improve access to primary care health services in underserved rural and inner-city areas. In addition, AHECs provide community-based primary care training programs for medical, nursing, dentistry, allied health and pharmacy students.

The four regional AHECs each serve a specific geographic region of the state, including northern, southwestern, eastern and the Milwaukee area. The Milwaukee and Eastern Wisconsin AHECs were developed by the Medical College of Wisconsin (MCW) and the Southwestern Wisconsin and Northern Wisconsin AHECs were developed by the University of Wisconsin Medical School. Each regional AHEC is incorporated and has its own office, director and local advisory committee. Funding for the AHECs is evenly distributed between the MCW and the UW Medical School, who then subcontract with the regional AHECs. For the current fiscal year, MCW has requested that the UW Medical School administer all of the subcontracts with the regional AHECs.

GOVERNOR

Transfer \$400,000 GPR annually from the AHEC's appropriation under the MCW to the UW Medical School appropriation for AHECs. Delete the AHEC appropriation under the MCW and specify statutorily that funding under the UW Medical School would be used to operate and implement jointly with the MCW AHECs centers and projects.

DISCUSSION POINTS

1. The Wisconsin AHEC System began in 1990-91 with \$30,000 in state funding for planning purposes. Beginning in 1991-92, the federal government provided significant AHEC start-up funds for states that wanted to increase the supply of health practitioners to rural and urban underserved communities. States are required to match at least 25% of the total cost of the AHEC project through the combination of direct state funding and other contributions. The expectation of the federal government is that state funding will continue to support the AHECs after the federal funding ends. The table below shows federal and state support for the Wisconsin AHECs system since inception.

Wisconsin Area Health Education Center System Federal and State Funds

<u>Fiscal Year</u>	<u>Total Federal Grant Award</u>	<u>State GPR Funding</u>	<u>Total Program Budget</u>	<u>Fed. Funds as a % of Budget</u>	<u>State Funds as a % of Budget</u>
1990-91	\$0	\$30,000	\$30,000	0.0%	100.0%
1991-92	543,338	200,000	743,338	73.1	26.9
1992-93	1,058,326	300,000	1,358,326	77.9	22.1
1993-94	1,585,526	336,000	1,921,526	82.5	17.5
1994-95	2,160,214	470,000	2,630,214	82.1	17.9
1995-96	2,222,663	470,000	2,692,663	82.5	17.5
1996-97	2,260,370	500,000	2,760,370	81.9	18.1
1997-98	1,444,724	750,000	2,194,724	65.8	34.2
1998-99	763,434	800,000	1,563,434	48.8	51.2

2. The federal AHEC start-up grant program provides a maximum of six years of funding to each regional center. Start-up federal funding for the centers will end in September, 1999. Staff from the AHEC system indicate the system is pursuing new funding sources, including federal grants for specific AHEC projects under the state-supported model AHEC federal program; however, at this time it is uncertain if the system will receive a grant, and if so, how much funding will be awarded. Staff indicate that if federal project funding is awarded the AHEC system could receive approximately \$350,000 annually.

3. In a budget request dated December 17, 1998, staff from the AHEC system requested \$700,000 GPR annually to maintain current programs and services with total funding of \$1.5 million annually. Staff noted that while they will pursue federal funding, in addition to other grant opportunities for specific projects, it must start with an adequate base of state support to maintain basic operations and programs.

4. Staff from the AHEC System indicate that, if approved, annual state funding of \$1.5 million GPR would be used to support the following activities in the 1999-01 biennium: (a) development of rural training and educational opportunities for family medicine residents and health

professional students in rural and underserved communities; (b) continued support of community-based training sites in Milwaukee, Madison, Beloit, and Kenosha; (c) increased access to preventive agricultural occupational health services for farm families through the use of regional mobile clinics; (d) development of coordinated services for the elderly persons in rural areas of the state; (e) continued technical assistance to rural communities to sustain the local health care delivery system in the communities; (f) library learning resources for small hospitals, clinics and public health agencies; (g) continued support of a statewide technology system which provides access to health information resources; (h) continuing education courses for health professionals; (i) continuation of collaboration with Marquette University's School of Dentistry to enable students and faculty to participate in community-based training programs; (j) recruitment of health care professional to work in underserved and rural areas; (k) pre-college and undergraduate programs to encourage minority students to enter health fields; and (m) seminars which address culturally relevant health issues. The AHEC federal state-supported grant proposal also requests funding for these services in addition to a number of other services.

5. The Committee may wish to consider whether additional state funding should be provided for the AHEC program. The program was started with significant federal start-up funding, arguably since the state accepted the federal funding for this program thereby agreeing to continue to support the program once federal funding ceases, the state should not back away from its commitment at this time. On the other hand, the state is under no legal obligation to provide additional funding for the program.

6. Individuals testifying before the Committee indicated that the program benefits their communities by providing access to health information resources in rural areas of the state, funding start-up expenses for rural training programs, and facilitating and promoting networking, and by supporting local clinics and hospitals through student training programs in rural areas. In addition, one could argue that there is still a need to recruit health care professionals to serve rural and underserved areas of the state and support the work of those professionals. According to the National Conference of State Legislatures' publication, *1998 Access to Primary Health Care: Tracking the States*, Wisconsin has 69 federally-designated primary medical care health professional shortage areas statewide, which means the ratio of population to primary care physician exceeds 3,500 residents for every physician, or in some high poverty areas, 3,000 to 1.

7. Alternatively, given other fiscal constraints, the Finance Committee could consider maintain base level funding for the program of \$800,000 GPR. Under this alternative, services currently provided by the AHECs will be reduced but the overall program should be able to continue to provide a lower level of service. Under this alternative, it is possible one or more AHEC centers could close.

8. The Finance Committee could also consider providing \$350,000 GPR at this time for the AHEC system and placing the remaining requested \$350,000 GPR in the Committee's appropriation for release under a 14-day passive review process to extent that federal funding under the state-supported model AHEC federal program is not provided. Under this alternative, the AHEC system would receive a total of \$1.5 million in state GPR and federal funding under the state-supported model AHEC program. Additional funding for the AHEC system could be

provided through other types of grants.

9. Alternatively, the Committee could also consider providing an additional \$350,000 GPR annually for the program. This would provide a total of \$1,150,000 GPR annually of base level funding for the program and represents an increase of state support for the program of 43.8% over 1998-99 GPR funding amounts. If the program receives \$350,000 in federal state-support AHEC funding, its state and federal funding would be \$1.5 million annually. Arguably, an increase of \$350,000 GPR annually would benefit the program and result in a continuation of a number of services. In addition, it would show continued state support for the program. However, such an increase would represent a 26.4% decrease in available state and federal funding from the prior year, if the program does not receive additional federal funding. Such a reduction, if it occurs, could still result in fewer services being provided by the program.

10. In an effort to streamline operations and reduce administrative costs, MCW and UW Medical School have agreed to maintain one system office for the AHEC program, in space provided by the UW-Medical School; therefore, MCW has requested a transfer of their portion of the state AHEC funding to the UW Medical School. Staff from the AHEC system indicate that in consultation with the AHEC system Board of Directors, the AHEC system office will administer the distribution of a minimum of 75 percent of the AHEC system funds to the four regional centers and provide central support services with the balance of the funding.

11. The MCW has indicated that as of October 1, 1999, it will end its formal participation in the AHECs system. Staff from MCW notes, that while it is supportive of the overall goals of the AHECs and believes that the programs are recognized and valued in the communities, due to the expanded community focus of the AHECs and reduction in emphasis on undergraduate and graduate medical education, MCW has decided to cease its formal participation in the program. MCW states that it will continue its commitment to both rural and formal urban community-based medical education through its own initiatives that combine community health and student education. The Finance Committee may wish to modify the Governor's recommendation by deleting the requirement that the UW Medical School jointly administer the program with the MCW after October 1, 1999.

ALTERNATIVES

A. Administration of the AHEC Program

1. Approve the Governor's recommendation to: (a) transfer \$400,000 annually from the AHEC's appropriation under the MCW to the UW Medical School appropriation for AHECs; (b) delete the AHEC appropriation under the MCW; and (c) specify statutorily that funding under the UW Medical School would be used to operate and implement jointly with the MCW AHECs centers and projects.

2. Modify the Governor's recommendation by deleting the requirement that the UW Medical School jointly administer the program with the MCW after October 1, 1999.

3. Maintain current law under which both the MCW and UW Medical School administer the program for the AHEC system in the UW's AHEC appropriation.

B. Funding for the AHEC Program

1. Modify the Governor's recommendation by providing an additional \$700,000 GPR annually for the AHEC system in the UW's AHEC appropriation.

<u>Alternative B1</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	\$1,400,000

2. Modify the Governor's recommendation by providing an additional \$350,000 GPR annually for the AHEC system in the UW's AHEC appropriation and \$350,000 GPR annually in the Finance Committee's appropriation for release under a 14-day passive review process to the UW's AHEC appropriation, to the extent federal funding under the state-supported model AHEC grant program is not forthcoming.

<u>Alternative B2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	\$1,400,000

3. Modify the Governor's recommendation by providing an additional \$350,000 GPR annually for the AHEC system in the UW's AHEC appropriation.

<u>Alternative B3</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	\$700,000

4. Maintain current law, with base level funding of \$800,000 GPR annually for the program, which is evenly distributed between the MCW and UW Medical School.

Prepared by: Tricia Collins

MO# 1-2

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 16 NO 0 ABS 0

UW SYSTEM

Area Health Education Centers Funding
[Paper #992]

Motion:

Move to provide an additional \$125,000 GPR annually for the AHEC system in the UW's AHEC appropriation and \$125,000 GPR annually in the Finance Committee's appropriation for release under a 14-day passive review process to the UW's AHEC appropriation, to the extent federal funding under the state-supported model AHEC grant program is not forthcoming.

Note:

This motion would provide \$125,000 GPR annually directly to the AHEC system appropriation in the UW and provide an additional \$125,000 GPR annually to the Committee's appropriation for release under a 14-day passive review process to the extent federal funding for the state-supported model AHEC grant program is not forthcoming.

[Change to Bill: \$500,000 GPR]

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	(X)	N	A
2	PORTER	(Y)	N	A
	KAUFERT	(Y)	N	A
	ALBERS	(Y)	N	A
	DUFF	(Y)	N	A
	WARD	(Y)	N	A
	HUBER	(X)	N	A
	RILEY	(Y)	N	A

Motion #845

AYE 16 NO 0 ABS 0

(Gov) Agency: UW-Stout Graphic Communications Management Program

Recommendations:

Paper #993: ~~Alternative 1 (gov's position, no action needed)~~

A-2, B-1

Comments: Stout makes a good case for expansion of its printing industry training program. Industry is kicking in some bucks. Sen. Clausing would probably find this pretty agreeable.

Prepared by: Bob



Legislative Fiscal Bureau

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

May 25, 1999

Joint Committee on Finance

Paper #993

UW-Stout Graphic Communications Management Program (UW System)

[LFB 1999-01 Budget Summary: Page 626, #16]

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.

GOVERNOR

Provide \$179,400 GPR and \$96,600 PR and 5.0 GPR positions in 1999-00 and \$370,300 GPR and \$199,400 PR and an additional 2.0 GPR positions in 2000-01 to increase enrollment in UW-Stout's graphic communications management program. In addition, provide \$32,500 GPR and \$17,500 PR in 2000-01 for collaborative efforts with Wisconsin Technical College System institutions and other educational institutions.

DISCUSSION POINTS

1. UW-Stout's bachelor of science degree program in graphic communications management (GCM) is designed to prepare students for employment as managers and supervisors at

printing and publishing firms. As such, the program includes all aspects of the production process from design through manufacturing a product to distribution of the product. The GCM program was established in 1996 as an outgrowth of a graphic arts concentration within UW-Stout's bachelor's degree program in industrial technology. The campus allocates approximately \$250,000 per year for the program, excluding equipment donations from printing firms. Stout is the only institution in Wisconsin that offers a four-year degree in the printing and publishing discipline.

2. Of amount provided in the bill, \$161,000 in 1999-00 and \$309,700 in 2000-01 would support the cost of salaries and fringe benefits. The amount provided in 1999-00 would fund 2.0 full-time equivalent (FTE) faculty members, 2.0 FTE laboratory technicians and 1.0 graduate assistant. An additional 1.0 FTE faculty member and 1.0 FTE laboratory technician would be hired in 2000-01. Of the remaining funds, \$40,000 in 1999-00 and \$60,000 in 2000-01 would pay for supplies and services related to recruiting high school students, staff training and professional development, instructional supplies and miscellaneous office expenses such as telephone, copying and mailing. In addition, \$75,000 in 1999-00 and \$200,000 in 2000-01 would be provided for permanent property to leverage donations from private printing firms and for installation and maintenance costs associated with donated equipment.

3. Since 1990, the industry has provided over \$1.8 million to Stout's programs and students in the form of supplies and equipment, scholarships, software and cash donations. In its 1999-01 budget submission, the University requested a total of \$1.8 million over the biennium for the expansion of the GCM program, coordination efforts with K-12 schools and technical colleges and a Midwest regional research and training center. At the time, the printing industry offered to match the state funds with a minimum of \$350,000 in each year of the biennium. UW System staff indicate that although the bill would not provide the entire \$1.8 million, the industry remains committed to its stated contribution.

4. According to UW System staff, expansion of the GCM program is necessary due to the rapid growth experienced by the printing and publishing industry and demands by the state's printing firms for new graduates and ongoing professional training. According to Printing Industries of Wisconsin (PIW), a survey conducted by that organization in 1996 identified a "major" shortage of graduates and led to the conclusion that "the lack of availability of these individuals seriously impacts future industry growth." As evidence of the demand for GCM graduates, the University states that each of the 40 to 45 students who graduate annually with a degree in industrial technology with a graphic arts concentration receives an average of six job offers. Annual starting salary offers for these graduates are approximately \$28,500 to \$33,000. While no students have completed the entire GCM program since the program has been in place for only three years, it is assumed that the GCM graduates will have similar employment experiences. The University indicates that last year, 14 printing firms canceled their on-campus interviews due to a lack of graduating seniors.

5. The University's budget request document states that "an increase of 14,200 jobs (or 27%) in the printing and publishing industry is forecast between 1994 and 2005." This figure was based on Wisconsin labor market projections by the Department of Workforce Development

(DWD) published in 1996 and represents the average of the three highest forecasts. According to DWD's most recent labor market projections published in July of 1998, Wisconsin's estimated average annual employment in the printing and publishing industry in 1996 was 53,000 jobs. The number of jobs projected for 2006 varies from 53,300, representing the average of the three lowest forecasts, to 65,600, representing the average of the three highest forecasts. A more realistic estimate would be the average of all forecasts which is calculated to be 59,300, or an increase of 6,259 new jobs by 2006. In addition to new jobs, DWD estimates that 10,380 job openings by 2006 will result from "separations," meaning employees retiring or permanently leaving the workforce for other reasons. The combination of new jobs and separations are expected to result in a total of 16,639 job openings in the industry between 1996 and 2006.

6. The DWD projections for the increase in the number of printing and publishing jobs include demand for all levels of training, not just for graduates of baccalaureate degree programs. According to current DWD labor market projections, approximately 70% of the total job openings, including new jobs and separations, by 2006 will require only on-the-job training, prior work experience or technical college training. An estimated 23% of the projected job openings over the ten-year period, approximately 377 annually, will require a bachelor's degree.

7. Current staff for the GCM program consists of 4.0 faculty members, 2.0 lecturers and 0.25 laboratory technician. In addition, 19 students are employed as student help or under the work study program to assist other students with classroom activities, laboratory experiences and extracurricular projects. The students also assist with the two GCM student professional organizations on the campus which conduct research and work on printing and publishing projects. The laboratory technician provides support and maintenance for the laboratory equipment used in the program.

8. Enrollment in Stout's GCM program has increased from 85 students when first offered in the fall semester of 1996, to 180 students in the fall semester of 1998. UW System staff have indicated that the funding and positions provided in the bill would permit the enrollment of an additional 75 students. While the Governor's proposal would double the current number of faculty and academic staff assigned to the GCM program by the end of the biennium, the number of students served would increase by approximately 42%. According to UW System staff, the additional faculty and staff would serve fewer students in order to reduce the student/faculty ratio in the program from the current ratio of 45:1 to approximately 32:1, which would still be greater than the campus average of 21:1.

9. While the University requested 1.0 FTE laboratory technician and 0.5 FTE graduate assistant position in 1999-00, the bill would provide 2.0 laboratory technicians and 1.0 graduate assistant in 1999-00. According to DOA, the additional positions were provided in the first, rather than the second year of the biennium, because the campus has already begun to expand the program and would be able to use the positions immediately. UW System staff indicate that faculty and academic staff currently assist in the laboratories. Delaying these 1.5 FTE positions until 2000-01 would result in total savings of \$40,400 in the first year of the biennium.

10. Current Board of Regents policy requires a campus requesting authorization to implement a new program to describe the funding and staffing requirements associated with the proposed program and to explain how the campus plans to provide those resources. UW System guidelines for new program authorizations state that "most, if not all, of the funding requirements... will be met by reallocation of base resources." When the GCM program was approved by the Board in November, 1995, it was anticipated that total enrollment in both the GCM program and the graphic arts concentration within the industrial technology degree program would increase from 270 students in 1994-95 to 320 students in 1999-00. The campus indicated that it could accommodate the increase in enrollment with one additional faculty member, which was expected to be provided under the University's Enrollment Management III plan, one lab technician and 0.15 program secretary position. Since the UW System's budget request indicates that current enrollment in the two programs is approximately 250 students, it could be argued that, based on the original proposal, Stout should be able to accommodate an increase of 75 students with 1.0 faculty position, 1.0 laboratory assistant position and \$20,000 annually in additional funding for recruitment and instructional supplies, at a total cost of \$59,200 GPR and \$32,000 PR in 1999-00 and \$74,800 GPR and \$40,200 PR in 2000-01 and 2.0 GPR positions beginning in 1999-00.

11. The bill would provide \$50,000 in supplies and services funding in 2000-01 to help support collaborative efforts in printing and publishing programs between Stout and Wisconsin Technical College System (WTCS) institutions and secondary schools to establish and expand "2+2+2" and "2+2" programs. A 2+2+2 program allows a high school pupil to complete a two-year apprenticeship, then go on to a two-year associate degree program and finally complete a bachelor's degree in two, rather than four, years. Typically, 2+2 programs include the technical college and university components. According to DWD, 90 Wisconsin printing firms currently participate in youth apprenticeship programs that enroll a total of 134 students in graphic arts and printing programs. In December, 1997, Stout and Waukesha County Technical College (WCTC) signed a transfer articulation agreement which allows a student who has completed WCTC's associate degree program in printing and publishing to transfer to Stout's GCM program. According to UW System staff, Stout is in the process of finalizing similar agreements with Fox Valley Technical College and Northeastern Technical College. Agreements are being explored with Milwaukee Area Technical College, Madison Area Technical College and the Dunwoody Institute in Minnesota.

12. According to staff at Stout, the campus currently offers a bachelor's degree program in industrial technology with a concentration in graphic arts for students who have completed associate degree programs in printing at six of the WTCS institutions. WTCS students can meet all of the requirements for the degree through distance education without physically attending Stout. A student participating in the program takes 32 credits in Stout's "professional block" courses over a period of three and one-half years and an additional 52 credits in general education courses that may be provided by the technical college or by another institution in the student's area. In the future, Stout plans to replace the current program with a degree in industrial management with a concentration in printing and publishing. However, this program has not yet been approved by the Board of Regents.

13. UW staff indicate that the \$50,000 provided in the bill would be used to pay for

distance education line charges and for travel expenses for faculty to visit the sites where the distance education courses are offered. The current distance education courses offered by Stout are partially funded through a one-time grant from the UW System, which will end after 1998-99. Since the bill would provide funding for this purpose only in the second year of the biennium, it is assumed that Stout would have to reallocate base funds to continue the courses in 1999-00.

14. According to UW System staff, the participating technical colleges provide the distance education facilities and equipment necessary to receive the courses, but do not contribute toward the cost of the line charges or UW Stout faculty travel. It could be argued that the provision of the program through distance education would provide some benefit to the technical college to the extent that the existence of such an opportunity aids in recruiting students to the associate degree programs. Therefore, it may be reasonable to expect the districts involved to pay at least a portion of the cost of the program.

ALTERNATIVES

A. Expand Enrollment in GCM Program

1. Approve the Governor's recommendation to provide \$179,400 GPR and \$96,600 PR and 5.0 GPR positions in 1999-00 and \$370,300 GPR and \$199,400 PR and an additional 2.0 GPR positions in 2000-01 to increase enrollment in UW-Stout's graphic communications management program.

2. Modify the Governor's recommendation by deleting \$26,300 GPR and \$14,100 PR and 1.5 GPR positions in 1999-00, to reflect a delay in hiring of 1.0 FTE laboratory technician and 0.5 FTE graduate assistant until 2000-01.

<u>Alternative A2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	- \$26,300	- \$14,100	- \$40,400

3. Modify the Governor's recommendation by deleting \$120,200 GPR and \$64,600 PR and 3.0 GPR positions in 1999-00 and \$295,500 GPR and \$159,200 PR and an additional 2.0 GPR positions in 2000-01.

<u>Alternative A3</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	- \$415,700	- \$233,800	- \$649,500
2000-01 POSITIONS (Change to Bill)	- 5.00	0.00	- 5.00

4. Maintain current law.

<u>Alternative A4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	- \$549,700	- \$296,000	- \$845,700
2000-01 POSITIONS (Change to Bill)	- 7.00	0.00	- 7.00

B. Collaboration with Other Education Providers

1. Approve the Governor's recommendation to provide \$32,500 GPR and \$17,500 PR in 2000-01 for collaborative efforts with Wisconsin Technical College institutions and youth apprenticeship programs.
2. Maintain current law.

<u>Alternative B2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	- \$32,500	- \$17,500	- \$50,000

Prepared by: Merry Larsen

MO# A-2, B-1

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0