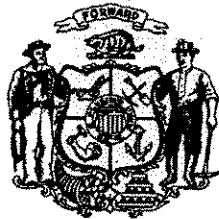


THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

316-S Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-8535



ASSEMBLY CHAIR
JOHN GARD

315-N Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

November 2, 1999

Acting Secretary George Lightbourn
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53702

Dear Acting Secretary Lightbourn:

We are writing to inform you that the Joint Committee on Finance has reviewed the University of Wisconsin System's 1999-2000 plan for fee funded auxiliary reserve balances.

No objections to this plan have been raised. Accordingly, the plan is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John G. Gard in black ink.

JOHN G. GARD
Assembly Chair

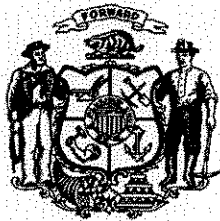
BB:JG:dh

cc: Members, Joint Committee on Finance
Marcia Bromberg, Vice President of Finance, UW System
Robert Lang, Legislative Fiscal Bureau
Vicky LaBelle, Department of Administration

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

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

Date: October 13, 1999

Re: 14 Day Passive Review of Student Fee-Funded Auxilliary Reserves

Attached is a letter from the Acting Secretary of Administration concerning a request from the University of Wisconsin System regarding the 1999-2000 plan for fee funded auxilliary reserve balances. The Acting Secretary has reviewed this plan and recommends that it be approved by the Committee.

Pursuant to s. 36.46, Stats., the Joint Committee on Finance has 14 working days to review this plan, which specifies the amount of reserve funds the board wishes to accumulate and the purposes to which the reserve funds would be applied, if approved. Please review this material and notify **Senator Burke** or **Representative Gard** no later than **Monday, November 1, 1999**, if you have any concerns about the request or would like the Committee to meet formally to consider it.

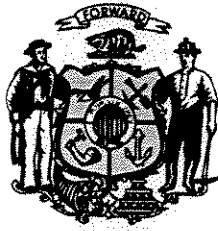
Also, please contact us if you need further information.

BB/JG/js

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR

GEORGE LIGHTBOURN
ACTING SECRETARY

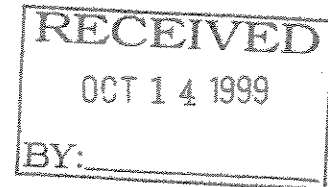


Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

October 11, 1999

The Honorable Brian Burke, Senate Co-Chair
Joint Committee on Finance
316 South, State Capital
P.O. Box 7882
Madison WI 53708-7882

The Honorable John Gard, Assembly Co-Chair
Joint Committee on Finance
315 North, State Capital
P.O. Box 8952
Madison, WI 53708-8952



Dear Senator Burke and Representative Gard:

Pursuant to s. 36.46, Wisconsin Statutes, enclosed is a request from the University of Wisconsin System to approve its fiscal year 1999-2000 plan for fee funded auxiliary reserve balances. As amended by 1997 Wisconsin Act 27, section 36.46 prohibits the Board of Regents from accumulating "auxiliary reserve funds from student fees for any institution, or for the centers in aggregate, in any amount that exceeds an amount equal to 15% of the previous fiscal year's total revenues from student segregated fees", unless the reserve funds are approved by the Secretary of the Department of Administration and the Joint Committee on Finance.

UW System is requesting approval to accumulate reserve balances in excess of the 15% threshold in ten of the fourteen UW System institutions. The amount of reserve funds in excess of the 15% threshold they propose to accumulate is summarized in Table 1, presented below. For campuses with excess reserves, the amounts are expected to vary from 16% at UW-Parkside to 38% at UW-Superior. For all campuses FY00 auxiliary reserve balances are expected to equal 16% of FY99 auxiliary revenues, only slightly above the 15% threshold.

UW System has also provided detail on the planned use of the balances at those campuses that seek to exceed the 15% threshold. UW System policy requires that auxiliary reserve levels at all institutions are to be linked to specific programmatic and operating requirements. Institutions are required to maintain a rolling five-year auxiliary operations plan, which is used to determine future funding needs and to project appropriate reserve balances. The planned uses of the reserve balances for the 10 campuses that are projecting balances in excess of the 15% threshold are detailed below:

- UW-Eau Claire: New residence hall and furniture, ethernet cabling, and Crest Commons remodeling.
- UW-Green Bay: Residence Life plumbing replacement and computer network cabling and related equipment; golf course irrigation.
- UW-La Crosse: Window replacements and chiller conversion at Student Center.
- UW-Milwaukee: Sandburg East addition; Student Union renovation and remodeling.
- UW-Oshkosh: Residence hall carpeting and roof replacement; Student Center addition and renovation.
- UW-Parkside: HVAC correction and landscaping of residence halls.
- UW-River Falls: Hathorn Hall and Stratton Hall electrical-plumbing renovation, Technology Project to wire four residence halls.
- UW-Stout: Residence hall remodeling and infrastructure upgrades; major renovation and repair to two dining facilities; reduce need for debt financing of Recreation Complex.
- UW-Superior: Remodeling food service area of the Rothwell Student Center.
- UW-Colleges: Related to student-controlled activities.

Table 1

INSTITUTION	1998-99 Actual Revenue	1999-2000 Planned Reserve Balance	Planned Reserve as % of Prior Year Revenue	Amount in Excess of 15% Threshold
UW-Eau Claire	\$19,804,486	\$3,704,909	18.7%	\$734,236
UW-Green Bay	\$6,536,689	\$2,328,558	35.6%	\$1,348,055
UW-La Crosse	\$16,520,359	\$2,691,332	16.3%	\$213,278
UW-Milwaukee	\$26,447,303	\$5,840,779	22.1%	\$1,873,684
UW-Oshkosh	\$15,544,219	\$3,894,093	25.1%	\$1,562,460
UW-Parkside	\$5,807,237	\$921,047	15.9%	\$49,961
UW-River Falls	\$10,237,987	\$2,419,551	23.6%	\$883,853
UW-Stout	\$14,547,603	\$4,037,600	27.8%	\$1,855,459
UW-Superior	\$3,032,121	\$2,420,916	37.8%	\$690,792
UW-Colleges	\$2,388,968	\$494,194	20.7%	\$135,849

Senator Brian Burke
Representative John Gard
October 11, 1999
Page 3 of 3

The net effect of this plan is to decrease the auxiliary reserves balance by \$10,064,165 million under the \$46,836,833 balance on July 1, 1999, to an estimated \$36,772,668 by June 30, 2000. The actual auxiliary reserve balance reported at the close of FY99, \$46,836,833, was approximately \$11.6 million higher than the projected balance that was approved for that year. The variance can be attributed to a number of factors that complicate the estimation of institution auxiliary reserves. These factors include (1) planned and unanticipated project deferrals, (2) unanticipated program growth, and (3) conservative fund administration by campus officials in an effort to avoid deficit situations which could force higher than anticipated student fee increases. The deferral of major housing projects at UW-River Falls, UW-Oshkosh and UW-Stevens Point are three significant elements of the variance between FY99 projected and actual balances.

For fiscal year 1999-2000, UWS is requesting \$9,347,627 in reserve funds (for 10 campuses) above the 15 percent limit. While this does not appear significantly higher than last year's request of \$8,666,336, it masks some large individual campus increases. In particular, three campuses (Eau Claire, Oshkosh and Stout) had a combined increase of 73%, from \$5,921,447 in FY99 to \$10,260,251 in FY00.

I am approving the UW System's current plan for student fee-funded reserves at those campuses that exceed the 15% threshold. However, because I am concerned about the significant changes in reserve balances among individual campuses from year to year, I will have my staff conduct an analysis of the reasons for this high degree of variance.

Sincerely,



George Lightbourn
Acting Secretary