

K

AGENCY: UW System

ISSUE: UW Milwaukee Idea (Paper 951)

ALTERNATIVE: 6

SUMMARY:

UWM has lined up commitments for private money that depend on the premise of a public match.

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

Alternative 6 is the regent's scaled down request, with the proper 65/35 split.

Fallback 1:

Alternative 5 is the governor's level with the proper GPR/PR split.

Fallback 2:

Alternative 3 is the governor's recommendation corrected to include positions required to carry out the big Idea. In supporting this, you may emphasize that, inadequate though it is, the Senate is committed to correcting the GPR/PR imbalance.

By: Bob



Legislative Fiscal Bureau

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June 1, 2001

Joint Committee on Finance

Paper #951

Funding for UW-Milwaukee (UW System)

[LFB 2001-03 Budget Summary: Page 683, #6]

CURRENT LAW

Alt 6
Alt 5 - fallback
Alt 3 - fallback

In 2000-01, the adjusted base budget for the UW System totals approximately \$3,054 million, of which \$1,015 million or 33.2% is funded from state, general purpose revenues. Approximately 81% of the University's GPR adjusted base budget is provided under an appropriation for general program operations for University education, research and public service. The UW System has the ability to combine the GPR general program operations funds with monies received from tuition and certain federal indirect cost reimbursements, creating an approximate \$1.3 billion pool of funds that it may use to run its operations.

Annually in June or July, the UW Board of Regents approves budget allocations to the 26 campuses in the System based on past allocations, targeted budget initiatives, planned enrollment changes and planned programmatic changes. In 2000-01, UW-Milwaukee's total budget from all fund sources is approximately \$351.6 million, of which \$196.7 million is derived from GPR and fee revenues.

GOVERNOR

Provide \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$2,400,000 GPR and \$5,600,000 PR in 2002-03 for UW-Milwaukee.

DISCUSSION POINTS

Background

1. UW Milwaukee is one of two doctoral campuses within the University of Wisconsin

System. To fulfill its mission as a major urban doctoral university and to meet the diverse needs of Wisconsin's largest metropolitan area, UW Milwaukee provides 146 degree programs, including 81 undergraduate, 48 masters and 17 doctoral programs in eleven schools and colleges. In addition, the University has more than 70 active scholarly research centers, institutes and laboratories.

2. As the UW System's second largest University, UW-Milwaukee serves approximately 23,000 students, including 18,700 undergraduate, 3,400 graduate and 700 doctoral students. Among the UW institutions, UW-Milwaukee is the most ethnically diverse campus with 16.6% of its students reporting themselves as either African American, Hispanic/Latino, Asian American or American Indian; for African Americans, UW-Milwaukee confers 44% of the total number of UW System's bachelor's degrees. UW-Milwaukee is characterized as an urban commuter campus serving the state's most populous region; the campus has fewer out-of-state students and an older student body that attends part-time and graduates at a lower rate in a longer period of time than other campuses.

3. A major part of UW-Milwaukee's mission as an urban research campus in the state's largest city and economic region, is community outreach and integration with the regional and state economy. Faculty, students and staff actively coordinate and promote partnerships, alliances and collaborations with Milwaukee area businesses, governmental agencies, other educational institutions, arts groups and neighborhoods. Students typically interact directly with businesses and the community through courses and internships, essentially using the city and region as a learning laboratory.

4. UW Milwaukee has advanced the Milwaukee idea, a four-year plan to increase enrollment, staff and investment in the University and help make it one of the top-rated urban universities. As part of its proposal, UW-Milwaukee has requested a \$25 million increase in base GPR funding by 2004-05. The additional state investment would be used to leverage approximately \$50 million of funding from other sources, including \$20 million from additional tuition revenues generated by expanding enrollment from 23,000 to 30,000 students.

5. As part of this proposal, the UW-Milwaukee has set a goal of increasing federal and nonfederal extramural grants and contracts supporting research and scholarly activities by \$21 million above a current base of approximately \$20 million. The University has already committed \$4 million from internal reinvestments and reallocations of its base GPR/fee resources toward increasing enrollments in high-demand fields as part of the initiative and has launched a major gift campaign in order to create a \$100 million endowment by 2004-05. Over the past two years, UW-Milwaukee has attracted more than \$14 million in private giving related to items in the Milwaukee idea. The UW-Milwaukee investment plan anticipates annual expendable gift income of \$1 million in 2001-02, \$3 million in 2002-03 and \$5 million ongoing.

6. According to UW System staff, additional GPR over the next two biennia would help UW-Milwaukee meet its plan for growth and meet the economic needs of the region and state. One goal is to increase the size of the University and establish it among the top 100 research universities in the nation. Other goals include the following: increase the diversity of its faculty, staff and

students; become a national model for engaged universities in its contribution to sustainable cities and regional and state economies; expand the extent of collaborations within the university and with its partners in academia, government, industry, and community; and strengthen academic discipline research in health, freshwater biology and management, urban and community design, information professions and management, manufacturing and imaging technologies.

7. As part of the first phase of funding for the Milwaukee idea, the UW System's 2001-03 economic stimulus budget request included increased funding for UW-Milwaukee totaling \$24.0 million and 239.0 GPR positions, including \$6,920,000 GPR and \$1,080,000 PR with 75.0 GPR positions in 2001-02 and \$13,750,000 GPR and \$2,250,000 PR with an additional 164.0 GPR positions in 2002-03. The requested funding would be funded with 86% GPR and 14% PR.

8. According to UW System staff, the requested tuition funding was purposely reduced from the traditional 65% GPR/35% fee split in order to illustrate the amount of funding for the program that would likely be raised from a tuition increase at UW-Milwaukee. As a result, the additional fees from enrollment growth were not included, as part of the request, if the differential tuition and enrollment growth is included, the percentage of fee support would be approximately 37%, with \$3.33 million PR requested in the economic stimulus request for a tuition increase and an additional \$9 million due to enrollment growth. Under current law, the UW tuition appropriation funding does not need to be adjusted in the budget bill to request funding increases that result from additional enrollment. The proposed tuition funding associated with the Milwaukee idea under the Board of Regents request would increase tuition by approximately 1.6% annually.

9. According to UW System staff, the \$24.0 million in requested funding would be used to help accomplish the major goals of the initiative during the first phase, which include encouraging public-private partnerships, expanding faculty, enrolling 1,500 additional students in high-demand programs and increasing research efforts. The requested funds would be allocated for the following purposes:

Broadening Access to Education. \$3 million in 2001-02 and \$6 million in 2002-03 to broaden access for students across the state through expanded partnerships with the UW Colleges, the Wisconsin Technical College System, and other UW four-year campuses, as well as through increased online and distance-learning opportunities. In addition, funding would help expand pre-college programs to encourage students to attend college, and expand K-12 teaching education courses and double the number of teachers prepared for urban and other K-12 districts.

Environment and Health. \$2 million in 2001-02 and \$4 million in 2002-03 to expand course offerings in health-related professions in response to critical shortages of health-care workers, develop new and more effective models of health care delivery, and develop health promotion programs for special-need populations. In addition, funding would help build upon existing environmental resource programs in the WATER Institute, the Center for Urban Transportation Studies, the Alternative Fuels Center and housing and community issues through the School of Architecture and Urban Planning.

Economic Development. \$3 million in 2001-02 and \$6 million in 2002-03 to address worker shortages in critical areas through increasing enrollment in fields of high demand, information technology, management skills, and biotechnology. In addition, funding would facilitate economic growth through workforce skill development, support services for entrepreneurs, enhance university/industry relations and facilitate applied research through the Milwaukee Technology Center.

10. The Governor's budget recommendations would provide \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$2,400,000 GPR and \$5,600,000 PR in 2002-03 for the first phase of the Milwaukee idea, approximately 49% of the total amount requested by the UW System in their economic stimulus proposal. DOA staff indicate that the recommended level of funding reflects the allocation of scarce state resources and does not represent the rejection of any particular component of the request. According to executive budget documents, the funding would be used for the following: \$1,000,000 GPR in 2002-03 to create a residential honors college at UW-Milwaukee that would enable the campus to attract more high-achieving students; and \$3,800,000 (\$1,000,000 GPR and \$2,800,000 PR) in 2001-02 and \$7,000,000 (\$1,400,000 GPR and \$5,600,000 PR) in 2002-03 for implementation of the Milwaukee idea.

11. According to executive budget staff, it is the intent of the Governor's recommendation that the allocation of the proposed funding amount for both the Milwaukee idea and the honors college would be left to the University. The funds would be placed in unallotted reserve due to uncertainty as to how the monies should be allocated among the budget expenditure lines.

12. Proponents of UW System's request and the Milwaukee idea argue that the investment in UW-Milwaukee is needed now in order to develop a sizeable and skilled workforce to meet the needs of the new and refurbished industries and corporations Wisconsin must develop and attract in order to remain economically competitive in the coming decades. Funding for UW-Milwaukee could increase the number of graduates living and working in Wisconsin, because more than 90% of Wisconsin high school students and 75% of out-of-state students who graduate from UW-Milwaukee remain in Wisconsin. The proposal would help fill the need for teachers, information technologists, scientists, engineers, social workers, architects, nurses and other professionals that would boost Wisconsin's workforce and economic health.

Faculty and Staff

13. Due to state budget reductions during the mid-1990's that affected the entire UW System and specific enrollment shortfalls that affected UW-Milwaukee, UW-Milwaukee's FTE faculty numbers fell from 780 FTE in fall, 1990 to 673 FTE in fall, 1999. While enrollment dipped during the mid-1990's, it has returned to 1990 levels and is expected to grow as part of the UW System's enrollment management plan. According to UW-Milwaukee staff, the faculty decline has had significant negative consequences on faculty workload, research productivity and funding, new program initiatives and faculty morale. There are no vacant GPR positions available at UW-Milwaukee, and over the past few years the campus has had to "borrow" positions from the

systemwide pool of authorized positions.

14. Traditionally, funding for new initiatives, especially those that expand enrollment and require a significant expansion of program revenue derived from tuition, include authority for additional positions. However, the Governor did not include authority for additional positions associated with the funding provided. UW staff indicates that without additional GPR positions associated with the funding provided in the Governor's budget, UW-Milwaukee would not be able to expand enrollment by 750 students or develop new programs and courses because vacant faculty and staff positions are unavailable. The Department of Administration has sent a letter to the Committee requesting a modification to include 26.0 GPR positions for the UW-Milwaukee during the biennium. The 26.0 positions requested by DOA would provide faculty and staff sufficient to expand enrollment by 221 students over the biennium using a target faculty/student ratio and staff/student ration of 17:1.

15. If the Committee were to provide 26.0 positions as requested by the administration, funding for the initiative could be reduced to reflect the cost of those positions. Based on the original agency request, the cost of salary and fringe for 26.0 positions would be approximately \$2,367,000 annually, the addition of supplies, services and permanent property associated with these positions would make the total cost of the request an estimated \$2,800,000 annually. If funding were provided at the traditional 65% GPR/35% tuition split, funding would be \$1,800,000 GPR and \$1,000,000 PR annually. However, funding and positions provided at this level would only expand enrollment by 221 FTE students annually, and would fall short of UW Milwaukee's funding goal for the first phase of the Milwaukee idea by \$18.4 million.

16. The UW System states that in order to expand enrollment to 750 FTE students consistent with the level of funding that was provided in the Governor's budget, UW Milwaukee would need 119.0 positions over the biennium, with 37.0 positions starting in 2001-02 and an additional 82.0 positions in 2002-03. Along with the funding provided in the Governor's budget bill, the 119.0 positions would enable the University to hire 88 additional faculty and staff, maintaining a faculty/student and staff/student ratio of 17:1 requested for the additional enrollment and providing 31 positions for research and public service related functions associated with the Milwaukee idea.

17. A portion of the proposed funding would be used to develop and implement a residential honors program, the Wisconsin Honors College, in order to attract high-achieving students from throughout the state to UW-Milwaukee. UW-Milwaukee's plan for this portion of the initiative is to enroll 370 students per year in an academy offering high achieving students an honors curriculum and a new accelerated degree program. Under the accelerated degree program, students eligible for advanced standing could complete selected master's degrees, along with bachelors degrees, within four years of entering as graduating high school freshmen. The residential honors college would also offer a pre-college component focused on preparing a diverse pool of high school graduates eligible for the program.

18. The residential honors college would provide freshman and sophomores with a more

rigorous curriculum, increased contact with faculty through smaller classes and research opportunities, as well as a residential learning community based in existing on-campus housing. Funding would be used for additional faculty and staff for residential honors curriculum and for expanding the pre-college program. Proponents argue that funding for the honor's college would help UW Milwaukee attract high achieving students and improve the time-to-degree and graduation rates of incoming freshman. Alternatively, given the limited GPR funding provided in the Governor's budget, the funding allocated for the honors college could be better utilized for general enrollment increases in high-demand fields such as nursing, information technology and computer science.

19. In order to attain the level of tuition funding proposed in the budget bill, tuition would need to increase by 4% in 2001-02 and 3.9% in 2002-03 without additional enrollment. UW System staff have indicated that tuition increase at UW-Milwaukee would be capped at the same percentage increase associated with the UW-Madison initiative (1.4% in 2001-02 and 2.1% in 2002-03) in order to prevent UW-Milwaukee from becoming more expensive than UW-Madison and putting it at a disadvantage. However, the result would be that UW-Milwaukee would not be able to attain the full tuition funding portion allocated in the Governor's budget, a 1.4% tuition increase in 2001-02 would generate approximately \$1 million PR and a 2.1% increase would generate approximately \$2.5 million in 2002-03. As a result, it is unlikely that the tuition component of the Governor's proposal would achieve the budgeted level of \$2.8 million in 2001-02 and \$5.6 million in 2002-03.

20. If additional faculty are provided and UW-Milwaukee is able to enroll 750 additional students, UW System staff believe that the additional tuition would generate about \$4.5 million in tuition revenues. In addition, part of the tuition revenue increase would come from the expansion and implementation of programs with augmented tuition components, such as on-line Masters of Science in management e-business and the Masters in liberal studies program targeted at mid-career adults; such programs do not require legislative approval.

21. Typically, funding for instruction-related initiatives in the UW System's budget is provided through a combination of 65% GPR and 35% program revenues derived from tuition. The UW System requested funding for most of the initiatives during the 2001-03 biennium based on this 65% GPR/35% Fee split. The \$11.8 million provided under the bill would consist of 29% GPR and 71% Fee. According to DOA staff, the 29% GPR/71% Fee funding split was used because the budget bill retained the tuition funding originally requested by the University for the first phase of the initiative while reducing GPR.

22. In order to restore funding to the 65% GPR/35% tuition split, the Committee would need to increase GPR funding or reduce the PR funding authority provided in the Governor's budget. In order to provide the total amount provided in the Governor's budget at the traditional GPR/tuition split, GPR funding would need to increase, and PR funding would need to be reduced, by \$1.47 million in 2001-02 and \$2.8 million in 2002-03.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$2,400,000 GPR and \$5,600,000 PR in 2002-03 for UW-Milwaukee.

2. Modify the Governor's recommendation as requested by the administration to provide 12.0 positions starting in 2001-02 and an additional 14.0 positions in 2002-03.

Alternative 2	GPR
2002-03 POSITIONS (Change to Bill)	26.00

3. Modify the Governor's recommendation by providing 37.0 positions starting in 2001-02 and an additional 82.0 positions in 2002-03. The additional position authority would enable UW-Milwaukee to utilize the funding provided in the Governor's budget to expand enrollment by 750 FTE students by 2002-03.

Alternative 3	GPR
2002-03 POSITIONS (Change to Bill)	119.00

4. Reduce funding by \$165,000 GPR and \$2,350,000 PR in 2001-02 and \$600,000 GPR and \$4,600,000 PR in 2002-03 to provide funding for the 26.0 positions requested by the administration based on a 65% GPR/35% PR split. Total funding would be \$835,000 GPR and \$450,000 PR in 2001-02 and \$1,800,000 GPR and \$1,000,000 PR in 2002-03.

Alternative 4	GPR	PR	TOTAL
2001-03 FUNDING (Change to Bill)	-\$765,000	-\$6,950,000	-\$7,715,000

5. Modify the Governor's recommendation by providing an additional \$1,470,000 GPR in 2001-02 and \$2,800,000 GPR in 2002-03 and deleting \$1,470,000 PR in 2001-02 and \$2,800,000 PR in 2002-03 to provide funding based on a 65% GPR/35% PR split. Provide 37.0 positions starting in 2001-02 and an additional 82.0 positions in 2002-03 in order to hire additional faculty and staff.

Alternative 5	GPR	PR	TOTAL
2001-03 FUNDING (Change to Bill)	\$4,270,000	-\$4,270,000	\$0
2002-03 POSITIONS (Change to Bill)	119.00	0.00	119.00

6. Modify the Governor's recommendation by providing an additional \$5,920,000 GPR

with 75.0 positions and delete \$1,720,000 PR in 2001-02 and \$11,350,000 GPR with an additional 164.0 positions and delete \$3,350,000 PR in 2002-03 in order to provide total funding of \$24.0 million and 239.0 positions during the 2001-03 biennium as requested in the UW-System economic stimulus request.

<u>Alternative 6</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	\$17,270,000	-\$5,070,000	\$12,200,000
2002-03 POSITIONS (Change to Bill)	239.00	0.00	239.00

7. Maintain current law. Under this alternative, \$1,000,000 GPR and \$2,800,000 PR in 2001-02 and \$2,400,000 GPR and \$5,600,000 PR in 2002-03 would be deleted from the bill.

<u>Alternative 7</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	-\$3,400,000	-\$8,400,000	-\$11,800,000

MO# Alt 6

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

AYE 8 NO 8 ABS _____

MO# Alt 3

Stott

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

AYE 15 NO 1 ABS _____



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June 1, 2001

Joint Committee on Finance

Paper #952

Information Technology and Biotechnology Courses (UW System)

[LFB 2001-03 Budget Summary: Pages 683-684, #7]

CURRENT LAW

Att 5 (Strike last sentence)
Att 2 fallback

In 2000-01, the adjusted base budget for the UW System totals approximately \$3,054 million, of which \$1,015 million or 33.2% is funded from state, general purpose revenues. Approximately 81% of the University's GPR adjusted base budget is provided under an appropriation for general program operations for University education, research and public service. The UW System has the ability to combine the GPR general program operations funds with monies received from tuition and certain federal indirect cost reimbursements, creating an approximate \$1.3 billion pool of funds that it may use to run its operations.

Annually in June or July, the UW Board of Regents approves budget allocations to the 26 campuses in the System based on past allocations, targeted budget initiatives, planned enrollment changes and planned programmatic changes.

GOVERNOR

Provide \$3,407,500 PR in 2001-02 and \$1,500,000 GPR and \$4,336,500 PR in 2002-03 to fund expanded enrollment in information technology and biotechnology courses.

DISCUSSION POINTS

1. In preparing their budget request for 2001-03, a goal of the UW Board of Regents was to improve Wisconsin's workforce and graduate more students for high-growth, high-income "new economy" jobs. The Board proposed a series of initiatives that were focused on increasing the number of graduates in high-tech fields, such as management information systems, and high-growth

fields, such as biotechnology and transportation logistics management. The proposals would have added enrollment in high-demand courses at all UW-System comprehensive and doctoral campuses and expanded options for working adults at UW-Colleges. According to UW budget documents, increasing enrollments in high-demand fields would meet the future and present employment needs in Wisconsin.

2. In addition to providing additional graduates in high-demand fields, the UW System request was focused on expanding opportunities for non-traditional and adult students in order to increase the number of college-educated adults in Wisconsin. Educational attainment is often cited as playing an important role in the determination of economic opportunities and personal income for individuals and for Wisconsin, especially in an economy that is increasingly more knowledge-based.

3. According to UW System staff and others, Wisconsin businesses need workers who are trained and educated in technology-related fields, and they often look to UW campuses to provide additional training and education to their existing workforce. The UW System and others have suggested that a shortage of skilled workers could limit Wisconsin's potential for future economic expansion, particularly for high-tech jobs. According to data from the Wisconsin Department of Workforce Development (DWD), eight of the 10 fastest growing jobs in Wisconsin between 1998 and 2008 will require a bachelors degree or higher and four are in information-technology fields. Of 10 occupations adding the most new jobs, four require a college degree, and two of those are information technology related.

4. DWD estimates that between 1998 and 2008 approximately 23% of the new job openings will require a college degree. The projected employment need for students with bachelors degrees or higher closely corresponds to the current percentage of Wisconsin residents with a college degree (23.6%); however, the fields with the highest growth would likely experience shortages of qualified employees. One could argue that additional funding for the UW System to expand enrollment is not necessary given that the overall demand for college educated workers would likely remain stable through 2008. If no additional funding were provided, the UW System would need to meet the demand for fields with the highest growth by reallocating base resources and cutting academic programs that are perceived to have a low "economic need."

5. In order to help the UW System prepare Wisconsin's workforce for high-tech jobs, the Governor's budget would provide \$3,407,500 PR in 2001-02 and \$1,500,000 GPR and \$4,336,500 PR in 2002-03. Executive budget documents indicate that the proposed funding would be used for expanded enrollment in information technology and biotechnology courses. According to executive budget staff, rather than provide funding for specific campus initiatives, the Governor chose to provide funding for a broad purpose, and let the Board of Regents decide how to distribute it. The original budget narrative would have restricted funding for expanding enrollment in information technology and biotechnology programs; however, as stated in a letter to the Committee Co-chairs from DOA, the Governor's intent was to provide the funding under this initiative to the UW System to expand enrollments in programs that would be considered "high technology" and "high-demand," rather than strictly information technology and biotechnology.

6. UW staff has indicated that the funding provided in the Governor's budget would allow the UW to enroll approximately 600 additional students over the biennium, 400 in 2001-02 and 200 additional students in 2002-03. However, UW staff indicates that without additional GPR positions associated with the funding provided in the Governor's budget, most UW campuses would not be able to expand enrollments because vacant faculty and staff positions are unavailable. Recognizing the need for additional faculty positions, the Department of Administration sent a letter to the Committee Co-chairs requesting an amendment to the Governor's original recommendation to include 54.0 GPR positions related to the business and workforce development initiative, 35.0 positions starting in 2001-02 and an additional 19.0 positions in 2002-03.

7. According to UW System staff, the funding provided in the Governor's budget would be allocated among a number of programs that had originally been requested in the agency request. However, since the Governor's funding is less than the original request, not all proposed programs would be implemented, and those that are, would be scaled down versions of the original proposals. The following programs could receive funds under the Governor's budget:

a. UW-Eau Claire and UW-Stout to implement the Chippewa Valley initiative, which would expand information systems and computer science programs at UW-Eau Claire, and initiate a new work-based university consortium at UW-Stout.

b. UW-La Crosse to fund health-related programs at the Medical Health Science Education Center.

c. UW-Oshkosh to expand UW Oshkosh's Master of Science degree in information systems.

d. UW-Parkside for expanded access for non-traditional students to computer science and business/MIS programs and establish a molecular biology and bio-informatics certificate program.

e. UW-Platteville to deliver undergraduate engineering education to the Fox River Valley in partnership with UW-Fox Valley and UW-Oshkosh.

f. UW-River Falls for additional enrollment in computer science and high tech courses.

g. UW-Stevens Point to develop digital science coursework delivered via distance education to non-traditional students.

h. UW-Whitewater to expand existing programs including management computer systems, computer end-user technology, and Internet MBA programs, as well as expand technology courses in the College of Education and the media studies program.

i. UW-Colleges to expand technology courses targeted at working adults.

j. UW-Superior to implement a transportation and logistics management bachelor's degree program.

k. UW-Madison to implement a two-year master's degree program in biotechnology.

8. Funding for the information and biotechnology courses proposed in the Governor's budget would result in an average systemwide tuition increase of approximately 0.7% in 2001-02 and 0.9% in 2002-03, since the funding provided in the Governor's budget for additional courses would be generated primarily through tuition. Exclusive of increases resulting from other initiatives and the state's compensation plan, these percentage increases represent increases of \$16 to \$23 in annual tuition for a full time resident undergraduate student. According to executive budget staff, it is expected that a portion of the PR funding would be generated through expanded enrollments rather than across the board tuition increases.

9. Typically, funding for instruction-related initiatives in the UW System's budget is provided through a combination of 65% GPR/35% program revenues derived from tuition. This proportion was generally followed in previous bills; however, none of the Governor's proposals in the 2001-03 budget bill follow the traditional split. Based on the GPR provided in the Governor's budget, total funding would be \$2,307,700 in 2002-03 with 13.5 GPR positions, \$1,500,000 GPR and \$807,700 PR if funded at the traditional split. In order to fund the initiative at the amount requested by the Governor, based upon the traditional funding split, the Committee could modify the Governor's recommendation by providing \$2,214,900 GPR and deleting \$2,214,900 PR in 2001-02 and providing \$2,293,700 GPR and deleting \$2,293,700 PR in 2002-03.

10. Over the 2001-03 biennium, the budget bill would provide approximately 41% of the funding and none of the position authority requested by the UW System for the business and workforce development portion of its economic stimulus plan. The plan, which represents a scaled back version of the original UW System requests, would require an additional \$138,400 PR and \$4,282,900 GPR and 116.7 GPR positions in 2001-02 and an additional \$440,900 PR and \$6,941,200 GPR and an additional 57.6 positions in 2002-03 for UW System to allocate among the campuses to expand enrollment in high tech and high demand. Additional funding, as requested in the economic stimulus proposal, would expand enrollments in high-demand fields by nearly 1,200 students during the biennium, with approximately 800 students in 2001-02 and 400 additional students in 2002-03. In addition to the programs and courses that would be funded under the Governor's initiative, additional funding would enable the UW System to increase enrollment in computer and health science courses at UW-La Crosse and UW-River Falls, and add courses for non-traditional students at UW-Oshkosh. However, the additional funds would not include the requested \$514,800 GPR and \$164,100 PR annually for the UW-La Crosse Health Science Center operating costs. While these costs were presented as part of the UW Systems business and workforce development request in the economic stimulus proposal, they are addressed separately in another paper (Paper #958).

11. It could be argued that the UW System should fund business and workforce development related courses by reallocating base GPR/fee funds and internal resources to provide

additional course sections and create new programs rather than relying on additional tuition and GPR allocations. Reallocating resources would require campuses to eliminate or reduce course sections or programs in areas with less demand.

12. However, according to University staff, all campuses actively monitor and reallocate resources according to course demand in order to maximize available resources. Campuses that are part of the UW System's business and workforce development initiative have committed approximately \$4.1 million toward their respective initiatives, including \$2.6 million in internal reallocations and \$1.5 million of gift and grant funding. University staff argue that they are unable to create new course sections in certain areas quickly enough to meet demand because vacant GPR positions are unavailable at most campuses and, in many cases, it would be difficult to shift funding away from other programs because those funds are often committed for existing staff and student resources. According to System staff, if campuses were forced to reallocate additional base funding for this initiative, most campuses would reduce their overall enrollment targets because the courses specified in this initiative typically have higher costs than those they would likely replace.

ALTERNATIVES TO THE BILL

1. Approve the Governor's recommendation to provide \$3,407,500 PR in 2001-02 and \$1,500,000 GPR and \$4,336,500 PR in 2002-03 to expand enrollment in information technology, biotechnology courses and, based on the Governor's modification, include programs that would be considered "high technology" or in fields of high demand for business and workforce development.

2. Modify the Governor's recommendation as requested by the administration by providing 35.0 positions in 2001-02 and an additional 19.0 positions in 2002-03, in order to provide faculty and staff for the expanded enrollments recommended in the Governor's budget.

Alternative 2	GPR
2002-03 POSITIONS (Change to Bill)	54.00

3. Modify the Governor's recommendation to delete \$3,407,500 PR in 2001-02 and \$3,528,800 PR in 2002-03 and provide 13.5 GPR positions starting in 2002-03 to expand enrollment in high technology or high demand business and workforce development related courses. This would delete first year PR funding, reduce second year PR funding and provide 13.5 positions that would be funded on a 65% GPR/35% PR split.

Alternative 3	GPR	PR	TOTAL
2001-03 FUNDING (Change to Bill)	\$0	- \$6,936,300	- \$6,936,300
2002-03 POSITIONS (Change to Bill)	13.50	0.00	13.50

4. Modify the Governor's recommendation to provide \$2,214,900 GPR and 35.0 GPR

positions and delete \$2,214,900 PR in 2001-02 and provide \$2,293,700 GPR and 19.0 additional GPR positions and delete \$2,293,700 PR in 2002-03 for high technology or high demand business and workforce development related courses based on a 65% GPR/35% PR split.

<u>Alternative 4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	\$4,508,600	-\$4,508,600	\$0
2002-03 POSITIONS (Change to Bill)	54.00	0.00	54.00

5. Modify the Governor's recommendation to provide an additional \$138,400 PR and \$4,282,900 GPR with 116.7 GPR positions in 2001-02 and \$440,900 PR and \$6,941,200 GPR with an additional 57.6 GPR positions in 2002-03, which is the amount requested by the University for additional courses and programs in areas of high demand. ~~The funding would be placed in unallotted reserve for the UW System to allocate to campuses in order to increase enrollment throughout the system in high technology and high demand fields.~~

<u>Alternative 5</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	\$11,224,100	\$579,300	\$11,803,400
2002-03 POSITIONS (Change to Bill)	174.30	0.00	174.30

6. Delete the Governor's recommendation.

<u>Alternative 6</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	-\$1,500,000	-\$7,744,000	-\$9,244,000

MO#	<u>Alt 5</u> ^{10s} <i>modified</i>			MO#	<u>Alt 2</u>		
BURKE	Y	N	A	BURKE	Y	N	A
DECKER	Y	N	A	DECKER	Y	N	A
MOORE	Y	N	A	MOORE	Y	N	A
SHIBILSKI	Y	N	A	SHIBILSKI	Y	N	A
PLACHE	Y	N	A	PLACHE	Y	N	A
WIRCH	Y	N	A	WIRCH	Y	N	A
DARLING	Y	N	A	DARLING	Y	N	A
WELCH	Y	N	A	WELCH	Y	N	A
GARD	Y	N	A	GARD	Y	N	A
KAUFERT	Y	N	A	KAUFERT	Y	N	A
ALBERS	Y	N	A	ALBERS	Y	N	A
DUFF	Y	N	A	DUFF	Y	N	A
WARD	Y	N	A	WARD	Y	N	A
HUEBSCH	Y	N	A	HUEBSCH	Y	N	A
HUBER	Y	N	A	HUBER	Y	N	A
COGGS	Y	N	A	COGGS	Y	N	A

AYE 8 NO 8 ABS _____

AYE 16 NO 0 ABS _____



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June 1, 2001

Joint Committee on Finance

Paper #953

Tuition Revenue Expenditure Authority (UW System)

[LFB 2001-03 Budget Summary: Page 684, #8]

CURRENT LAW

Under current law, the Board of Regents may set separate tuition rates for state residents and nonresidents and also for different classes of students, extension courses, summer sessions and special programs. A provision enacted in 1999 Act 9 changed the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation. This means that the University may expend all monies received under the appropriation without limit and without the prior approval of the Legislature or the Joint Committee on Finance.

The Board is restricted from increasing tuition, including differential tuition, for resident undergraduate students beyond an amount sufficient to fund the following: (a) the amount shown in the appropriation schedule for the tuition appropriation; (b) approved compensation and fringe benefits adjustments for faculty and staff; (c) revenue losses caused by unforeseen enrollment changes; (d) state imposed costs not covered by GPR as determined by the Board; (e) distance education, intersession and nontraditional courses; and (f) differential tuition that is approved by the Board but not included in the amount in the tuition appropriation schedule.

GOVERNOR

Eliminate the restrictions on the Board of Regents for increasing resident undergraduate tuition and fees beginning in the 2002-03 academic year.

DISCUSSION POINTS

1. The appropriation for tuition and fees includes revenue generated not only from the

academic tuition schedule (90.0% 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 UW Madison and other special fee programs, and the application fee. The 2000-01 tuition appropriation for academic student fees was \$448,550,100. Under the Governor's budget proposal, the amount appropriated for academic student fees would increase by 13.1% to \$507,192,000 in 2001-02 and by 1.7% to \$515,871,000 in 2002-03. However, since the appropriation for tuition reflects other revenue items in addition to revenues derived from undergraduate tuition, a 13.1% increase in the appropriation expenditure level would not necessarily translate into an average 13.1% academic year tuition increase.

2. In the past, the amount appropriated for tuition and fee revenues was determined by the Governor and the Legislature in the biennial budget process and was traditionally 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. Prior to the 1997-99 biennial budget act, the Legislature's primary role in the tuition setting process was to establish the appropriation level for tuition, which was the upper limit on the amount of tuition revenues that could be expended. While more revenues could be generated, expenditure of these additional revenues required approval by the Secretary of the Department of Administration and the Joint Committee on Finance under a 14-day passive review process. A provision in the 1997-99 state budget expanded the Regents' authority to expend tuition and fee revenues beginning with the 1997-98 academic year. Under that provision, the Regents were permitted 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. The University was also allowed to expend tuition revenues that were budgeted, but not expended in the prior year.

4. The Legislature's oversight role with regard to tuition levels was further diminished by a provision in 1999 Act 9 which changed the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation. This means that the University may expend all monies received under the academic student fee appropriation without limit and without the prior approval of the Legislature or the Joint Committee on Finance as is required for a sum certain appropriation. Act 9 included the statutory language aimed at limiting the purposes for which tuition can be raised for resident undergraduate students, which would be repealed under the Governor's budget proposal.

5. The Board is required to report annually by December 15, to the Secretary of Administration on the amount by which expenditures from the tuition revenue appropriation in the

previous fiscal year exceeded the amount shown in the appropriation schedule, the purposes for which the additional revenues were spent, and the amount spent for each purpose. In 1999-00, expenditures in the academic student fee appropriation exceeded the amount in the appropriation schedule by \$36.5 million; these expenditures included \$28.2 million in compensation related expenditures, \$7.3 million in enrollment related funding, and \$1.0 million for special fee programs expenditures. During the 1997-99 and 1999-01 biennia, the UW used tuition appropriation flexibility primarily to fund a portion of pay increases for unclassified UW employees.

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 Joint Committee on Employment Relations (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 the 1999-01 biennium, the JCOER approved compensation increases of 2.0% in 1999-00 and 2.5% in 2000-01 to be funded through the compensation reserves and authorized 3.2% in 1999-00 and 2.7% in 2000-01 for unfunded adjustments for merit increases for faculty and academic staff. The UW System was able to use tuition revenues for the unfunded portion of the pay plan, at a cost of \$28.2 million PR in 1999-00 and \$33.6 million PR in 2000-01; however, the PR portion of the pay plan in 2000-01 was minimized by a provision in 1999 Act 9 that provided \$28 million in 2000-01 in order to freeze tuition for resident undergraduates at the 1999-00 rate.

8. In November, 2000, the Board of Regents approved a resolution to request 4.2% annual salary increases for unclassified faculty, academic staff and executives at an estimated cost of \$22.9 million GPR and \$10.1 million PR in 2001-02 and \$47.5 million GPR and \$20.9 million PR in 2002-03. The Board based the request on the need for the UW System to offer competitive market salaries in order to reach market parity with peer institutions by the end of the 2001-03 biennium. The Board estimated that, on average, UW salaries would be 2% below the peer average in 2000-01 and that the peers would provide average increases of 3.2% in 2001-02 and 2002-03. Based on this estimate, the total percentage needed to reach the peer average by the end of the biennium was calculated to be 8.6%, or approximately 4.2% annually.

9. 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.

10. Typically, student fees only support the "instructional" portion of the UW budget. Exceptions to this occurred when nonstatutory provisions in the 1997-99 and 1999-01 state budgets

allowed the UW System to use tuition revenues to support the unfunded portion of the compensation plan for faculty and academic staff for those biennia. Consequently, a portion of the noninstructional cost of the salary increases for these employees was paid solely from tuition and fee revenues. In order to allow the Board of Regents to fund compensation increases solely using tuition revenues, nonstatutory provisions were included in 1997 Act 27 and 1999 Act 9. The provision permitted the Board to allocate sufficient tuition revenues for that portion of the pay plan increases for faculty and academic staff not funded through the compensation reserves. Since the nonstatutory provisions were effective in the 1997-99 and 1999-01 biennia only, and the bill does not include a comparable provision, it is not clear that the University could fund any portion of the 2001-03 pay plan using only tuition revenues.

11. 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% compensation would result in a 0.7% increase in average tuition.

12. In testimony on the 2001-03 budget bill, the President of the UW System stated, "it is important that we maintain the traditional GPR/tuition split on pay plan increases to keep tuition increases in check." 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 4.2% increase from GPR funds is unlikely.

Impact of the Proposal on Tuition

13. 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 2.3% in 2001-02 and 1.6% in 2002-03 at all campuses except UW-Madison and UW-Milwaukee, at which the average increases are estimated at 3.7% in 2001-02 and 3.7% in 2002-03. These percentages do not include increases resulting from the compensation plan.

14. In addition to the proposed elimination on raising undergraduate tuition, the bill would also permit the Board to create or abolish faculty and academic staff GPR-funded positions without legislative approval. Depending on the extent to which the proposed flexibility is used, and the reasons for its use, average tuition increases could be greater than those resulting from items in the bill 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.

15. Based on historic tuition increases for undergraduate tuition, it is uncertain whether there is a connection between tuition authority and increases in undergraduate resident tuition. During the 1997-99 biennium, the Legislature allowed the Board 4% tuition expenditure flexibility

in the first year of the biennium and 7% in the second year; during this period, tuition for resident undergraduates increased 7.9% in 1997-98 and 4.9% in 1998-99. In part, the Board used this flexibility to fund faculty pay plan increases. Under the current tuition flexibility, tuition increased between 6.9% and 9.6% in 1999-00 and 0% in 2000-01 because of the tuition buy-down of \$28 million; however, tuition would have increased approximately 7% in 2000-01 in the absence of the tuition buy-down. For the past twenty years, the annualized rate of change for undergraduate tuition has been approximately 7%; between 1981 and 1991 it was approximately 9% and over the past ten years it has been approximately 6%. Given the short period of time in which the University has used tuition flexibility in setting tuition, there is inconclusive evidence to determine whether tuition flexibility accelerated the rate of tuition increases.

16. In her testimony on the bill, the President of the UW System stated that, "we are very sensitive to the need to maintain affordability." In addition, at the March Board of Regents meeting the UW System President stated that the Board is committed to no double-digit increases in regular tuition over the next biennium. 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.

17. Students and student groups providing public testimony on the bill have opposed efforts to expand tuition authority as they have in past biennia. As in the past, students and student groups have expressed concern with the UW System using the tuition authority to fund initiatives, budget shortfalls and compensation increases on the "backs of students."

Impact of the Proposal on Legislative Oversight

18. According to executive budget staff, eliminating the restrictions on the purposes for which tuition revenues can be generated would give the UW System additional tuition flexibility to fund new initiatives using tuition and fees. However, the UW System has not found the current statutory limits for increasing undergraduate tuition restrictive, since the current allowable purposes cover a wide range of activities.

19. It could be argued that under the proposed expansion of tuition flexibility, oversight by the Governor and Legislature would continue under the proposal in the context of the biennial budget. The Legislature could, it is argued, repeal the authority if it disagreed with the Board of Regents' use of it. In addition, the bill would not eliminate the requirement that the Board of Regents report annually to DOA and the Joint Committee on Finance on the amount of expenditures from tuition and fee appropriations in the previous fiscal year that were in excess of the amounts appropriated. The existence of this reporting requirement preserves some level of legislative oversight.

20. The Legislature has delegated primary responsibility for the governance of the UW System to the Board of Regents, which has 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.

21. The Legislature's action in the 1999-01 budget act to grant flexibility through the continuing appropriation provision represented a significant departure from prior budgeting procedures as well as the expenditure and revenue authority of other state agencies. Given that the current flexibility provision has been in place for only one biennium, and that the UW System has not expressed concerns with the current restrictions, one could argue that the undergraduate tuition increase restrictions placed on the Board should be maintained in the absence of evidence that tuition revenues under the current law provision would be insufficient in the 2001-03 biennium.

ALTERNATIVES TO BILL

A. Appropriation for Tuition and Fee Revenues

1. Approve the Governor's recommendation to eliminate the restrictions on the Board of Regents for increasing resident undergraduate tuition and fees beginning in the 2002-03 academic year.

2. Modify the Governor's recommendation to clarify that the Board of Regents may allocate sufficient tuition revenues for that portion of the 2001-03 and future pay plan increases for faculty and academic staff not funded through compensation reserves, similar to the nonstatutory provisions included in 1997 Act 27 and 1999 Act 9.

3. Maintain current law.

MO# Alt 3

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

AYE 13 NO 3 ABS _____



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June 1, 2001

Joint Committee on Finance

Paper #954

Position Authority (UW System)

[LFB 2001-03 Budget Summary: Page 685, #10 and Page 686, #11]

A-4, B-3

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. The UW System is allowed to create or abolish positions funded by auxiliaries, operational receipts, federal indirect cost reimbursements and trust funds without legislative approval. 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.

Under current law, there is no provision for position authority for UW-System courses that are charged on a fee recovery basis. Currently, fees for such courses are accounted for through the University's academic student fees appropriation.

GOVERNOR

Permit the Board of Regents to create or abolish faculty and academic staff positions funded from the UW's largest GPR general program operations appropriations without legislative approval provided it submits a request to, and receives approval from the Department of Administration. Prohibit the Board from requesting any funds for compensation adjustments for these positions and from requesting funding for these positions through its biennial agency budget request. Requests to create or abolish GPR-funded positions would need to be submitted by December 1 of the previous academic year and contain a clear explanation of how the requested position would be filled. The Board would be able to create or abolish GPR positions beginning in 2001-02 provided it submits a request by September 1, 2001 and receives approval from the Department of Administration.

Establish a new, separate PR appropriation for student academic fees for courses charged on a fee-recovery basis. Specify that the Board of Regents could create or abolish positions for this appropriation funded from program revenue generated from courses for which nonresident and resident students pay the same tuition and for which the tuition charged equals 100% of the cost of offering the course. As under current law for similar appropriations, the Board would be required to report the number of full-time equivalent positions created or abolished under this provision to the Department of Administration and the Cochairpersons of the Joint Committee on Finance during the preceding calendar quarter along with the source of funding for each position.

DISCUSSION POINTS

GPR Position Authority

1. The UW System is currently authorized 18,621.94 GPR positions. The budget bill would provide an additional 2.0 GPR positions in 2002-03, resulting in total GPR positions of 18,623.94 in 2002-03. The budget bill includes additional GPR/fee funding for several initiatives at various campuses; however, the bill does not include additional position authority for these items, although it was assumed that the additional funding would be used primarily to hire additional faculty and staff to carry out the initiatives. Since introduction of the budget bill, the administration has requested that GPR positions be added to the bill for those initiatives, which are dealt with in separate papers. In lieu of providing GPR positions, the budget proposal would provide the UW System with GPR position authority to create additional positions for the initiatives included in the bill.

2. The Governor's recommendation is intended to provide the UW System with position authorization flexibility while maintaining a measure of oversight by requiring the approval of the Secretary of DOA. According to executive budget staff, DOA's oversight role was added in the Governor's request to ensure that GPR funding of positions would not increase out of control through subsequent base funding increases. However, the bill did not specify that the University would need to get DOA's approval for a methodology that would account for the cost of funding new positions created under the GPR authority in 2001-03 or in future biennia. According to executive budget staff, the requirement to provide a methodology for accounting for the positions was omitted because it was assumed that a similar accounting arrangement as used in the 1999-01 biennium, when the UW was given authority to create 183 new positions, would be used. Under the arrangement for the 183 positions created in 1999, the UW uses the average salary for GPR funded staff, multiplied by the total number of positions created and that total is excluded from any pay plan supplements.

3. As of April 1, 2000, the number of GPR vacancies within the UW System was 9.92 positions, or approximately 0.02% 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, 2000, the number of GPR vacancies has ranged from 321.25 (1.7%) in April, 2000, to 4.52 (0.02%) in January, 2001. Over the past six years, GPR position vacancy rates have

fallen from 2.6% to less than 0.1%. During the same period, FTE enrollment has increased by more than 5,800 students (4.7%), while the number of authorized GPR positions has fallen by nearly 300 (-1.6%), although filled GPR positions have increased by approximately 1.1%.

<u>Year</u>	<u>GPR Positions</u>	<u>Vacancy (Jan)</u>	<u>%Vacant</u>	<u>Enrollment (FTE)</u>
1994	18,918.43	497.84	2.63	125,097
1995	18,548.62	593.67	3.20	123,584
1996	18,385.21	525.97	2.86	123,852
1997	18,258.03	346.85	1.90	125,393
1998	18,250.94	167.83	0.92	128,371
1999	18,250.94	6.35	0.03	129,961
2000	18,621.94	4.52	0.02%	130,980

4. According to UW System staff, the UW System has reached the limit of its ability to reallocate positions without sacrificing services to existing students. In addition, planned growth in enrollments of approximately 3,000 by 2006 and meeting the needs of non-traditional students will place pressure on the UW System for additional faculty and staff. The UW System has requested the ability to create GPR positions as needed within the confines of their current GPR base funding in order to permit the University to quickly react to enrollment changes, expand programs as needed and more effectively handle resources; all Big-Ten institutions, except the UW, have the authority to create or eliminate positions.

5. The University currently has the authority to create positions under several PR, SEG and FED appropriations, including auxiliary (self-supporting) operations, gifts and grants, federal overhead, trust fund operations and federal contracts. The University submits a quarterly report to the Legislature on the number of positions created. However, GPR positions can only be created or abolished by the Legislature by law or by the Joint Committee on Finance acting under s. 13.10 of statutes. In recent years, the UW System has not requested additional GPR positions through the Joint Committee on Finance under s. 13.10 to address its declining vacancy rate.

6. 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. Currently, individual campuses must manage vacancies internally by shifting positions between departments and holding open positions in non-faculty areas in order to fill vacancies in areas with higher needs and accommodate the fall semester employment requirements. Higher fall enrollments require additional course sections and services which require additional employees. Larger institutions have more leeway than smaller institutions to shift positions internally; however, with fewer available positions it has become administratively difficult to deal with position shortages for the entire UW System.

7. Individual campuses may have an insufficient number of authorized positions for a variety of reasons including: greater than anticipated enrollment increases; the provision of

continuing education programs; and differential tuition initiatives under which additional tuition revenues are generated and used to increase services to students or course sections. 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. According to the UW System staff, the GPR position authority as proposed in the Governor's budget would place a burden on current base funds. In testimony before the Joint Committee on Finance, the President of the UW System testified that, "under the Governor's provision, we would be required to absorb all future compensation costs for new GPR positions from our base, thus creating two classes of state-funded employees: those with full state funding and those without."

9. 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 under current law the University can expend tuition and fee revenues as they are generated without limit and without prior approval by the Governor or Legislature, and a separate provision of the bill would eliminate current restrictions on the purposes for which tuition revenue can be generated, a concern could be raised that the University would use tuition revenues to cover future costs of these positions.

10. One could view the Governor's recommendation as reducing legislative oversight. 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 new GPR positions along with DOA and DER. The approval process could be accomplished under a 14-day passive review process similar to that currently used to increase state agency PR position authorizations. In addition, the Committee could require the Board to report quarterly on the positions created.

11. A number of differing alternatives to the Governor's proposal have been identified by the UW as options for position flexibility. One feature is that the UW would like the authority to create new positions within its existing base level of funding. Under such a scenario, new positions could be created within the current salary base if higher cost staff were replaced with lower cost staff. For example, if a professor retired at an \$80,000 salary, the University believes it should be able to hire two assistant professors at \$40,000, since there would not be any additional salary liability for the state. While the state could face an incremental fringe benefit cost for health insurance if both new employees were to take the state's health plan, the total salary amounts would remain the same and the calculated pay plan increases would also remain the same. However, because GPR position flexibility has the potential to increase fringe benefit costs, the Committee could direct the UW System to submit options for the Committee's consideration under s.13.10 of the statutes. These options could involve: (a) statutory modifications, which would need to

addressed in separate legislation; (b) changes in the way UW positions are counted for budgetary purposes, which the Committee could consider under s.13.10; or (c) the Committee using its current authority to create GPR positions. Such a provision would give the University and administration time to work together on options, and thoroughly evaluate the potential fiscal implications.

Program Revenue Position Authority

12. In addition to GPR position flexibility, the Governor's budget creates a new appropriation for student academic fees for courses charged on a fee-recovery basis along with the authority to create or abolish positions for this appropriation. According to executive budget staff, the authority to create or abolish positions under this appropriation was provided in order to give the UW flexibility to create program revenue positions as needed for courses that are priced at 100% of their cost without a lengthy approval process.

13. As part of the Enrollment Management 21 (EM21) plan approved by the Regents in June, 2000, the Board included the expansion of service to adult/nontraditional students as one of its enrollment goals. The continuing tuition appropriation authority granted under 1999 Act 9 provides an incentive for UW System to identify the needs of nontraditional students, to work with employers and professional associations to provide continuing professional development and to price these services competitively at 100% of the cost of offering the courses. The establishment of this service based pricing model has enabled the UW System to expand service to nontraditional students, working adults and those in need of continuing education in order to obtain or maintain a professional certification or license.

14. The UW System only recently began offering courses that utilize the service-based pricing model. In the fall of 2000, UW-River Falls became the first campus to offer a service-based pricing program. UW-River Falls developed a master of management program designed for non-traditional students that utilizes flexible scheduling and services designed for nontraditional students, who often do not live near campus or work full-time. The program offers web-based or face-to-face courses and seminars during the evening and on weekends to accommodate the schedules of working adults. In addition, the courses are broken into one-credit modules that enhance scheduling flexibility.

15. Currently, service based-pricing programs are typically staffed with GPR funded positions and tuition/fee revenue is included in the general student fees appropriation. Given current position controls and very low GPR FTE vacancy rates, UW institutions are unable to hire additional course instructors for service-based pricing programs and must reallocate existing resources and instructors in order to teach these programs. Position authority for service-based pricing programs would give UW System campuses flexibility to quickly create courses and programs as demanded by students and businesses. Without vacant GPR positions available to hire additional faculty that would be needed to expand service-based pricing programs, the ability to create service-based pricing programs is limited. Under current law, any additional positions would need to be created with legislative approval, and the UW argues that such approval can take a significant amount of time.

16. The UW System staff has indicated that while the Governor's recommendation would permit them to hire staff as needed for the service-based programs, it would limit the flexibility of service-based pricing. It would be difficult to combine existing courses and programs, which may utilize the traditional fee structure, into new service-based modules, because any course that is service-based would need to be accounted for separately in the new appropriation. Therefore, the Governor's proposal would complicate current accounting and funding for existing courses that become part of a service-based pricing module.

17. The UW System would prefer to retain program revenues for service-based programs within the current tuition/fee appropriation and would prefer to address staffing limitations for service-based programs with overall GPR position flexibility. With overall GPR position flexibility, the UW could create additional GPR positions as needed for service-based programs and fund those positions with 100% PR funding. However, because the UW pools its GPR funding with tuition/fee revenue, it is not possible to know how individual positions are funded. According to executive budget staff, the PR position authority was provided in a separate appropriation in order to prevent the UW from requesting GPR for full funding of positions that are actually PR funded in future biennial budget requests. In addition, with the PR flexibility, as provided in the Governor's proposal, the UW would not have to wait for approval in order to create positions and could create them as needed.

18. Student groups have expressed concern that with PR position flexibility, the UW might utilize their best professors for service-based pricing programs in order to attract businesses and individuals to utilize the UW System for professional programs and courses. This could result in the employment of less qualified, limited-term employees or teaching assistants for teaching courses on campus, while professors are sent off campus to participate in service-based pricing programs. However, it could be argued that PR flexibility for service-based pricing would permit the UW to hire additional staff for service-based programs and devote existing unclassified GPR faculty and staff to traditional students.

19. Alternatively, if the UW were not granted GPR position flexibility, the PR flexibility could be broadened so that the UW would be able to create 100% tuition funded positions as needed without the restriction that they utilize a separate appropriation. The Committee could authorize the creation of PR positions in addition to those already authorized, of up to 2% of the number of GPR positions authorized for the UW within the existing tuition appropriation in order to provide flexibility to use PR positions for a variety of staffing needs. This would ease some of the limits on staffing faced by the UW when actual enrollments of students are higher than planned. For example, if a campus had planned for 1,000 new freshman enrollments and had 1,200 actual enrollments, PR revenue authority would give the UW the ability to hire faculty and staff for the 200 additional students using tuition revenue from those additional students. In addition, a more general PR position flexibility could be used for service-based pricing programs and differential pricing programs. A 2% limit on these positions would allow the UW to create up to 372 of these PR positions.

20. Arguably, extending the PR position authority to tuition could reduce the level of

legislative oversight with regard to position creation and could result in subsequent tuition increases. A measure of legislative oversight could be maintained, as with other types of PR position flexibility, if the UW would be required to report the number of full-time equivalent positions created under this provision to the Department of Administration and the Cochairpersons of the Joint Committee on Finance during the preceding calendar quarter along with the source of funding for each position. In addition, use of the PR flexibility could be limited to staff needs related to additional enrollment and for staffing courses charged on a fee-recovery basis in order to prevent new PR-funded positions from being funded with tuition increases.

ALTERNATIVES TO BILL

A. GPR Position Authority

1. Approve the Governor's recommendation to permit the Board of Regents to create or abolish any position funded with GPR without legislative approval if it submits a request to, and receives approval from DOA.

2. Modify the Governor's recommendation to require that any proposal by the Board of Regents to increase the number of authorized GPR positions that has been approved by 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. Delete the Governor's recommendation and direct have the UW System submit an alternative plan with options for GPR positions to the Joint Committee on Finance under s. 13.10 of the statutes.

4. Maintain current law. The UW System could submit a s. 13.10 request for additional positions, if needed, under provisions of current law governing all state agencies.

B. PR Position Authority

1. Approve Governor's recommendation to establish a new, separate PR appropriation for student academic fees for courses charged on a fee-recovery basis. As under current law for similar appropriations, the Board would be required to report the number of full-time equivalent positions created or abolished under this provision along with their funding sources to the Department of Administration and the Cochairpersons of the Joint Committee on Finance.

2. Delete the Governor's recommendation and provide authority under the general tuition appropriation for the UW System to create PR positions funded with tuition. Limit the number of these positions to no more than 2% of the number of GPR positions authorized for the UW system in addition to PR positions already authorized. Restrict use of position authority for staff needs related to additional enrollment and for staffing courses charged on a fee-recovery basis.

As under current law for other PR appropriations, the Board would be required to report the number of full-time equivalent positions created or abolished under this provision along with their funding sources to the Department of Administration and the Cochairpersons of the Joint Committee on Finance.

3. Maintain current law.

Prepared by: John Stott

MO# Att. B-3

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<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
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	<input checked="" type="radio"/>	N	A
GARD	<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
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 14 NO 2 ABS _____

UNIVERSITY OF WISCONSIN SYSTEM

GPR Position Creation Authority--DOA Memorandum of Understanding

[LFB Paper #954]

Motion:

Move to allow the Board of Regents of the University of Wisconsin System to create GPR positions within the base GPR salary line from funds appropriated under s. 20.285 (1)(a). Specify that the University of Wisconsin System would be responsible for funding any additional health insurance costs related to GPR positions created under this authority out of its base resources on an ongoing basis.

Require the Board to submit a report to the Secretary of the Department of Administration and the Co-chairs of the Joint Committee on Finance concerning the number of GPR full-time equivalent positions created or abolished within base resources in the prior fiscal year in September of each calendar year.

Require the University and DOA to develop a memorandum of understanding to establish a methodology for tracking and accounting new GPR positions created under this authority, before the UW could create any positions.

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

Motion #1316

AYE 15 NO 1 ABS _____

UNIVERSITY OF WISCONSIN SYSTEM

PR Position Creation Authority

[LFB Paper #954]

Motion:

Move to allow the Board of Regents of the University of Wisconsin System to create program revenue positions under the tuition continuing appropriation to support the instructional mission from funds appropriated under s. 20.285 (1)(im).

Require the Board to submit a report to the Secretary of the Department of Administration and the Cochairpersons of the Joint Committee on Finance concerning the number of full-time equivalent positions created or abolished by the Board under this subsection during the preceding calendar quarter and the source of funding for each such position.

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

AYE 2 NO 14 ABS

UNIVERSITY OF WISCONSIN SYSTEM

Annual Reporting Requirement for Courses Charged on a Fee-Recovery Basis

[LFB Paper #954]

Motion:

Move to require the Board of Regents to submit an annual report by October 31, starting in October, 2001, to the Co-chairs of the ^{Joint Committee on Finance} Legislative Fiscal Bureau regarding the number and type of courses offered by the University charged on a fee-recovery basis and the number of people served by such courses.

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

AYE 13 NO 3 ABS _____

AGENCY: UW System -

PAPER: #955

ISSUE: Agricultural Stewardship Initiative

RECOMMENDATION: Alternative 1

SUMMARY: Go with the gov here. In addition to the merits (i.e. this could actually turn out to be a good thing) I would assume the Republican committee members aren't too excited about the proposal given the gov's change in leadership at DATCP.

(NOTE: Susan Mudd & Keith Reopelle have been talking to DATCP Sec. Harsdorf about the possibility of including a Pesticide Database Pilot project within this new Ag Stewardship Initiative. JFC still has money parked in unallotted reserve for the PDS. No word yet if the Secretary will help get the votes for this or not.)

BY: Barry



Legislative Fiscal Bureau

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June 1, 2001

Joint Committee on Finance

Paper #955

Agricultural Stewardship Initiative (UW System)

[LFB 2001-03 Budget Summary: Page 687, #15]

CURRENT LAW

In 2000-01, the adjusted base budget for the UW System totals approximately \$3,054 million, of which \$1,015 million or 33.2% is funded from state, general purpose revenues. Approximately 81% of the University's GPR adjusted base budget is provided under an appropriation for general program operations for University education, research and public service. The UW System has the ability to combine the GPR general program operations funds with monies received from tuition and certain federal indirect cost reimbursements, creating an approximate \$1.3 billion pool of funds that it may use to run its operations.

Annually in June or July, the UW Board of Regents approves budget allocations to the 26 campuses in the System based on past allocations, targeted budget initiatives, planned enrollment changes and planned programmatic changes.

GOVERNOR

Provide \$1,812,400 GPR and 2.0 GPR positions starting in 2002-03 to implement the Wisconsin agricultural stewardship initiative at UW-Platteville's Pioneer Prairie Farm.

DISCUSSION POINTS

1. The Wisconsin agricultural stewardship initiative (WASI) at UW-Platteville is intended to improve learning and research associated with agriculture in Wisconsin. WASI would be a collaborative, research-oriented effort among farmers, university researchers, agricultural and environmental organizations and government agencies, including the Department of Agriculture,

Trade and Consumer Protection (DATCP) and Department of Natural Resources (DNR), to develop an approach to production agriculture that results in environmentally compatible and economically sustainable farms. The initiative would have three components: the Pioneer Agricultural Stewardship Farm at UW-Platteville; Discovery Farms, a network of private commercial farms where applied research and demonstration projects would take place; and basic research projects done at various UW campuses, including UW-Madison.

2. According to DATCP, WASI was developed in order to address environmental issues, such as water and air quality, and economic challenges facing Wisconsin farmers. WASI would help farmers through research and education in order to ensure that agriculture is economically viable and compatible with the environment. The applied research and educational model utilized by WASI would address some of the gaps that currently exist within traditional agricultural research along with a need for coordinating and focusing research efforts to address environmental and economic issues, while providing a better way to transfer the results of the research directly to farmers.

3. Under the WASI plan, the UW-Platteville Pioneer Farm would become the center of a network of collaborating commercial farms. Basic research would be conducted by UW System research farms at UW-River Falls, UW-Madison and UW-Platteville, then brought together and researched as systems at the Pioneer Farm. Results from the UW System farms would be further tested or applied and examined through implementation on Discovery Farms. These new elements would join the existing system of agriculture research and education offered through UW-Extension. Together the components would be intended to demonstrate an environmentally compatible approach to farming and serve as a model for producers.

4. The UW-Platteville Pioneer Farm component would use integrated system research methods to focus on profitable and practical application of management practices deemed feasible through basic research. The research conducted at Pioneer farm would evaluate how changes in one aspect of a farm system affect other parts of the management system and the environment. The integrated systems research approach would identify how agricultural policy impacts profitability, the environment and the feasibility of implementing changes to improve farm management. Currently, Pioneer Farm is an open laboratory for the school of agriculture and provides demonstration areas for animal science, agronomy, horticulture, engineering and agribusiness programs at UW-Platteville. In order to accommodate the new integrated systems approach to research and education at Pioneer Farm, UW-Platteville would need to make physical changes including new monitoring equipment for air, water, soil, plants, crops and animals as well as organizational changes in the curriculum and research focus.

5. As part of the 2001-03 building program, four projects at UW-Platteville and two projects at UW-Madison relating to WASI totaling \$7.5 million would be enumerated. Funding for these projects would include \$3.2 million of general fund supported borrowing, \$1.6 million of program revenue supported borrowing, \$1 million of stewardship borrowing, \$0.9 million of gifts and grants funding and \$0.8 million of agency funds.

6. WASI would also require development of a communication and information exchange network based at Pioneer Farms that integrates and expands upon the current communication network. The integrated systems approach to applied research would require expanded information sharing with and among producers, scientists, regulators and other interested parties. The research and communications aspects of WASI would be both multi-disciplinary and interdisciplinary with UW-Extension, UW-Madison, UW-Platteville, UW-River Falls and UW-Stevens Point as key sites for information exchange.

7. The Discovery Farm component would be closely connected to Pioneer Farm through the proposed information exchange network and outreach and education conducted by UW-Extension agents. Discovery Farms would be used to help demonstrate the adoptability of practices and systems, evaluate them for practicality and adapt them for specific operational styles. Discovery Farms would be used to test the concepts refined at the Pioneer Farm and other UW System agricultural research facilities. Operators of Discovery Farms would use their expertise obtained through applied research and serve as liaisons to other farmers by holding demonstrations of new technology, management and environmental practices.

8. Currently, grants from the USDA and Wisconsin Milk Marketing Board through UW-Extension have been used to establish 10 pilot Discovery Farm participants. Participants receive a stipend of \$5,000 per year to help pay for their time devoted to implementing new ideas and providing research data to the University. Ultimately, the Discovery Farms network would consist of between 20-30 farms representing the variety of geographic, size, enterprise type and management diversity of farms in Wisconsin.

9. To date, state and federal agencies have committed more than \$13 million in in-kind and grant contributions toward WASI. Contributors include UW-Platteville, UW-Extension, UW-River Falls, USDA, Fertilizer Research Council, Wisconsin Milk Marketing Board, DATCP, DNR and other private research grants. More than \$3.7 million has been allocated for research and \$7.8 million for research facilities and capital. In-kind contributions from other agencies include funding for Discovery Farms through UW-Extension, funding for Pioneer Farm and WASI related research at UW-Platteville, agency support from DATCP, and monitoring and technical assistance from DNR. In-kind contributions are funded through agency grants and base reallocations, and include allocating employees from UW-Extension and UW-Platteville who work exclusively on WASI research and coordination.

10. The budget bill would provide \$1,812,400 GPR in 2002-03 to implement the Pioneer Farm and Discovery Farm components of WASI. Funding for UW-Platteville and the Pioneer Farm would total \$1,290,400, and \$522,000 would be allocated to UW-Extension for the Discovery Farms, outreach, and research coordination. The funds provided for Pioneer Farms would be allocated for the following purposes: \$62,900 salary and fringe for 1.0 faculty/coordinator position at Pioneer Farm; \$1,052,100 one-time set-up funds for the Pioneer Farm, including investments in monitoring and communications equipment; and \$175,400 for partial funding of operational costs for WASI-related items at Pioneer Farm. The proposed funds for UW-Extension would be allocated as follows: \$53,200 salary and fringe for 1.0 faculty/coordinator position;

\$10,000 for permanent property costs; \$208,800 for operational expenses, including employee travel, educational materials, stipends for Discovery Farm participants and data collection expenses; and \$250,000 for grants available for agro-environmental research.

11. The bill would provide \$175,400 for UW-Platteville's expenses and \$208,800 for UW-Extension expenses. According to DATCP, which submitted the original budget request, this would provide partial funding for supplies and expense funds for UW-Platteville to be used for general farm equipment, analysis tools used in research and to help pay for student research and data analysis. UW-Extension would use the funds for travel, educational materials, stipends for Discovery Farm participants and data collection expenses.

12. Other UW-System WASI participants, including UW-River Falls and UW-Madison, would utilize research currently underway and continue to fund research-related costs through base funds and grants. To be consistent, the Committee could reduce funding \$384,200 GPR in 2002-03 for supplies and expenses related to WASI at UW-Platteville and UW-Extension and require them to fund supplies through base funding reallocations or grants. However, according to DOA and DATCP, these campuses would have additional operational expenses directly attributable to WASI. UW-Platteville would need to restructure many of the research activities currently underway at Pioneer Farm to accommodate WASI's goal of an integrated agro-environmental research component, and UW-Extension would need to fund farmer and data collection support for Discovery Farms.

13. Of the \$1,052,100 provided in the Governor's budget proposal for permanent property related to establishing WASI at Pioneer Farm, \$393,000 would be used for research and monitoring equipment and \$669,100 would be used to develop a communication and information exchange network between Pioneer Farm, UW-Platteville, UW-Extension, UW-Madison, UW-Platteville, UW-River Falls and UW-Stevens Point, integrating and expanding upon the current communications network. Approximately \$500,000 would be used to connect Pioneer Farm to UW-Platteville through fiber-optic cable that would enable the farm to share information with and among producers, scientists, regulators and other interested parties. According to UW-Platteville, the current communications infrastructure is unable to handle the amount or type of data transfers that would be needed for research at the farm.

14. The budget would provide \$250,000 to UW-Extension for competitive grant funds for agro-environmental research. DATCP had originally requested \$1,000,000 to fund grants over the biennium, \$250,000 in 2001-02 and \$750,000 in 2002-03. These grant funds would be awarded for research proposals that meet farmer-identified agro-environmental basic research needs in the state. In its agency request, DATCP stated that state funding for research grants would supplement current grant funding received by the UW System through USDA for a variety of agro-environmental research projects that benefit WASI. As an alternative, the Committee could decide to eliminate GPR funding for grants altogether given the potential of private and federal grants.

15. In order to implement WASI starting in 2001-02, the Committee could provide \$1,812,400 and 2.0 positions in 2001-02 and delete \$1,312,100 in 2002-03. Funding in 2001-02

would be used to set-up and fund first year operational costs for WASI. Remaining funding in 2002-03 would fund the positions and provide funding for ongoing costs including \$238,300 for Pioneer Farm at UW-Platteville and \$262,000 for UW-Extension.

ALTERNATIVES TO BILL

1. Approve Governor's recommendation to provide \$1,812,400 and 2.0 positions starting in 2002-03 to implement the Wisconsin agricultural stewardship initiative.

2. Modify the Governor's recommendation as follows:

a. Delete \$384,200 in 2002-03 for supplies and expenses related to the Wisconsin agriculture stewardship initiative at UW-Platteville and UW-Extension. Supplies and expenses would need to be funded with private and federal grants or base reallocations.

Alternative 2a	GPR
2001-03 FUNDING (Change to Bill)	- \$384,200

b. Delete \$250,000 in 2002-03 from UW-Extension that would be used for competitive grants for agro-environmental research.

Alternative 2b	GPR
2001-03 FUNDING (Change to Bill)	- \$250,000

3. Modify the Governor's recommendation to provide \$1,812,400 and 2.0 positions in 2001-02 and reduce funding by \$1,312,100 in 2002-03. Funding in 2001-02 would be used to set-up and fund first year operational costs for the Wisconsin Agriculture Stewardship Initiative. Remaining funding of \$500,300 in 2002-03 would fund the positions and continue first year funding of a portion of operating costs.

Alternative 3	GPR
2001-03 FUNDING (Change to Bill)	\$500,300

4. Maintain current law.

Alternative 4	GPR
2001-03 FUNDING (Change to Bill)	- \$1,812,400
2002-03 POSITIONS (Change to Bill)	- 2.00

Prepared by: John Stott



Legislative Fiscal Bureau

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June 1, 2001

Joint Committee on Finance

Paper #956

UW-Madison Intercollegiate Athletics (University of Wisconsin System)

[LFB 2001-03 Budget Summary: Page 689, #22]

CURRENT LAW

Att 2
consensus

The UW-Madison Division of Intercollegiate Athletics has an adjusted base of \$698,900 GPR and \$44,160,400 PR of annual funding.

GOVERNOR

Provide \$6,800 GPR annually to UW-Athletics for a total GPR appropriation of \$705,700 annually. Provide \$1,341,900 PR in 2001-02 and \$1,221,200 PR in 2002-03, for total funding of \$45,502,300 PR in 2001-02 and \$45,381,600 PR in 2002-03 for UW-Madison athletics.

DISCUSSION POINTS

1. The GPR-funded general program operations appropriation for the Division of Intercollegiate Athletics at UW-Madison was created by 1989 Act 31, when the Division was experiencing difficulty generating sufficient program revenue to fully fund the activities of the athletics department. The appropriation is primarily used to fund 10.5 GPR positions for assistant coaches for non-income sports. There are a total of 184.96 PR positions for UW-Madison athletics.

2. UW-Madison officials have requested that several adjustments in PR expenditure and position authority be made to the Governor's budget recommendations. The requested adjustments for 2001-02 include unanticipated changes in expected annual expenditures related to the following: (a) Camp Randall utilities (\$812,000); (b) building project expenditure delays for the women's hockey locker room and Breese Terrace fence from 2000-01 to 2001-02 (\$850,000); (c) four new positions (\$258,000); (d) coaching staff retention package (\$185,000); (e) softball field lights gift (\$200,000); (f) camps participation (\$220,000); (g) video equipment (\$150,000); (h)

assumption of radio and television coach contracts negotiation and payment (\$200,000); (i) crew boat house (\$400,000); and (j) miscellaneous capital projects (\$252,100). Although these funding amounts are specific to 2001-02, the UW requests a total of \$3,527,100 PR expenditure authority annually in addition to the Governor's recommendation, for a total of \$49,029,400 in 2001-02 and \$48,908,700 in 2002-03, in order to establish a budget for each year of the 2001-03 biennium.

3. The costs of the Camp Randall Stadium renovation project will result in a significant increase in PR expenditures for 2002-03, however these costs were are included since the final design of the project and total cost is yet to be determined. Currently, the projected cost of the renovation that will be incurred in 2002-03 is \$16.2 million. UW officials indicate that when the amount is finalized, it will be submitted for Committee approval under s. 16.515 of the statutes.

4. UW also requests an additional 4.0 PR positions for the following: (a) a special assistant to the chancellor who will oversee National Collegiate Athletic Association (NCAA) regulations compliance, academic affairs and other assigned administrative duties; (b) an NCAA compliance education, training and monitoring position; (c) a sports medicine position to handle medical records, health insurance and billing; and (d) a trainer to staff novice crew and the men's and women's track and cross country teams. The first two positions listed above result from the recent NCAA investigation into rules violations by UW athletes who received discounts on purchases at the Shoe Box shoe store, and the other two are related to staffing in the sports medicine area.

5. It may be desirable to eliminate the GPR funding for UW-Madison intercollegiate athletics. Although the GPR is primarily used for assistant coaches in non-income sports, the Division overall is now experiencing substantial program revenue increases in ticket sales, conference revenues and donations. For example, for 2000-01, projected ticket sales revenue exceeds the 1998-99 total by nearly \$3.2 million. In addition, the Division projects increasing operating reserves this year, with forecasts that the reserves will significantly exceed five-year plan estimates. One could argue that the Division should once again be completely self-sustaining and independent of taxpayer support and that a subsidy for an otherwise profitable, nonacademic program would not be a prudent expenditure of state funds given the limited resources available to the Legislature in this budget process. The Committee could provide PR expenditure authority equal to the amount of GPR that would be deleted, in order to avoid reducing the overall revenue available to the Division in the biennium.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$6,800 GPR annually and \$1,341,900 PR in 2001-02 and \$1,221,200 PR in 2002-03.

2. Modify the Governor's recommendation and approve UW's revised request for PR expenditure and position authority. Provide an additional \$3,527,100 annually and 4.0 positions, for a total of \$49,029,400 in 2001-02 and \$48,908,700 in 2002-03 and 188.96 positions.

<u>Alternative 2</u>	<u>PR</u>
2001-03 FUNDING (Change to Bill)	\$7,054,200
2002-03 POSITIONS (Change to Bill)	4.00

3. Modify the Governor's recommendation to delete \$705,700 GPR annually and 10.5 GPR positions and provide \$705,700 PR annually and 10.5 PR positions. In addition, provide \$3,527,100 PR annually and 4.0 positions, for a total of \$49,735,100 in 2001-02 and \$49,614,400 in 2002-03 and 199.46 PR positions.

<u>Alternative 3</u>	<u>PR</u>	<u>GPR</u>	<u>Total</u>
2001-03 FUNDING (Change to Bill)	\$8,465,600	-\$1,411,400	\$7,054,200
2002-03 POSITIONS (Change to Bill)	14.50	- 10.50	4.00

4. Maintain current law.

<u>Alternative 4</u>	<u>PR</u>	<u>GPR</u>	<u>Total</u>
2001-03 FUNDING (Change to Bill)	-\$2,563,100	-\$13,600	-\$2,576,700

Prepared by: Layla Merrifield

MO# Alt 3

BURKE	(Y)	N	A
DECKER	(Y)	N	A
MOORE	Y	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	Y	(N)	A
WIRCH	(Y)	N	A
DARLING	(Y)	N	A
WELCH	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
ALBERS	(Y)	N	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUEBSCH	(Y)	N	A
HUBER	(Y)	N	A
COGGS	(Y)	N	A

AYE 13 NO 3 ABS

UNIVERSITY OF WISCONSIN SYSTEM

Nonresident Tuition Exception for Certain Military Veterans and Their Dependents

Motion:

Move to provide a nonresident tuition remission for military veterans, their spouses and dependents, if they filed state income taxes for at least eight of the past ten years of active military duty and received an honorable discharge within three years of registering at a UW System institution.

Note:

This motion would provide a nonresident tuition remission for military veterans, their spouses and dependents, if they filed state income taxes for at least eight of the past ten years of active military duty and received an honorable discharge within three years of registering at a UW System institution.

Under current law, nonresident members of the armed forces and persons engaged in alternative service who are stationed in this state on active duty, or live in this state and are stationed at a federal military installation located within 90 miles of the state border, and their spouses and children are entitled to a nonresident tuition remission.

MO#

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

AYE 16 NO 0 ABS _____

Senator Shibilski
Senator Moore

UNIVERSITY OF WISCONSIN SYSTEM

Additional Funding for the AOP and Lawton Grant Programs

Motion:

Move to provide \$179,400 GPR in 2001-02 and \$371,000 GPR in 2002-03 to increase funding for the Lawton undergraduate minority retention grant program and expand the program to include freshman.

Provide \$293,000 GPR in 2001-02 and \$606,000 GPR in 2002-03 to increase funding for the advanced opportunity program (AOP) grants.

Note:

This motion would increase funding for the Lawton grant program by \$179,400 in 2001-02 and \$371,000 in 2002-03 in order to increase the average award by 6.8% annually. Base level funding for Lawton is \$2,638,000, which provides supplementary financial aid to approximately 1,900 financially needy sophomore, junior and senior students of color.

This motion would increase funding for the AOP program by \$293,000 in 2001-02 and \$606,000 in 2002-03 in order to allow grants to minority students to increase by 6.8% in order to keep pace with expected changes in graduate level tuition. Base level funding for AOP is \$4,309,400, which provides approximately 520 graduate students with grant funding.

[Change to Bill: \$1,449,400 GPR]

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
2 MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS _____