



Legislative Fiscal Bureau

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May 19, 2009

Joint Committee on Finance

Paper #808

Bioenergy Initiative and Segregated Funds Position Authority (UW System)

[LFB 2009-11 Budget Summary: Page 655, #7 and Page 658, #18]

CURRENT LAW

The UW System Board of Regents may create or abolish positions that are funded through: (a) its largest general purpose revenue appropriation for general program operations, subject to the conditions established in a memorandum of understanding with the Department of Administration (DOA); (b) certain program revenue appropriations, including the auxiliary enterprises, general operations receipts, and gifts and donations appropriations; (c) federal appropriations for aid and indirect cost reimbursement; (d) certain revenues credited to the academic fees (tuition) appropriation; and (e) the appropriation for trust fund income, which is a segregated fund. Positions that are funded through all other non-federal appropriations may be created or abolished only by the full Legislature or the Joint Committee on Finance under s. 13.10.

GOVERNOR

Provide \$4,000,000 SEG annually from the recycling and renewable energy fund to support research into improved plant biomass and biomass processing, the conversion of biomass into energy products, the development of a sustainable energy economy, and the development of enabling technologies for bioenergy research under the Wisconsin bioenergy initiative. This appropriation would be supported by a portion of the revenues generated by a \$1 per ton increase in the recycling tipping fee.

Provide that the UW System Board of Regents may create or abolish positions that are funded through any of its segregated funds appropriations. Require that the Board report quarterly to DOA and the co-chairpersons of the Joint Committee on Finance the following: (a) the number of positions created or abolished during the preceding quarter; and (b) the source of funding for each such position.

DISCUSSION POINTS

Bioenergy Initiative

1. The Wisconsin bioenergy initiative (WBI) is a public-private partnership dedicated to bioenergy research, outreach, training, and economic development based in the College of Agricultural and Life Sciences (CAL S) at UW-Madison. The proposed funding would support the following: (a) nine positions, equipment, and other costs related to the Department of Energy Great Lakes Bioenergy Research Center; (b) four positions at UW-Stevens Point; (c) two positions for WBI; (d) one position for the UW Energy Institute; and (e) funding for non-staff costs related to the development of research and outreach programs by WBI, the UW Energy Institute, and faculty throughout the UW System.

2. The Great Lakes Bioenergy Research Center (GLBRC) is one of three such centers funded through the U.S. Department of Energy. The purpose of these centers is to conduct research in the development of cellulosic ethanol and other biofuels. GLBRC specializes in genomics-based research including research into improved plant biomass and biomass processing, the conversion of biomass into energy products, the development of a sustainable energy economy, and the development of enabling technologies for bioenergy research under WBI. GLBRC, which is based in Madison, was established with a five-year \$125 million grant from the Department of Energy that was awarded to a consortium led by UW-Madison in June, 2007. Other consortium partners include: Michigan State University; the Pacific Northwest National Laboratory; the Lucigen Corporation, located in Middleton, Wisconsin; University of Florida; Oak Ridge National Laboratory; Illinois State University; and Iowa State University. It is estimated that UW-Madison will receive approximately \$60 million of the federal grant funding awarded to the consortium with the remaining funding being spent at partner institutions.

3. In support of UW-Madison's grant application, the Governor committed \$104 million to support the GLBRC. According to the Department of Energy, the funding should include \$4 million for new faculty hires related to GLBRC and \$100 million for a new bioenergy building to be located on the UW-Madison campus. In April, 2009, the state Building Commission approved its recommendations for the 2009-11 capital budget, which included the enumeration of \$100 million to construct the Wisconsin Energy Institute on the UW-Madison campus. The recommended enumeration would include \$50 million in general fund supported borrowing (GFSB) and \$50 million in gifts and grants.

4. The proposed funding would support the hiring of five new faculty positions and two research scientist academic staff positions for GLBRC in 2009-10 and an additional two faculty positions in 2010-11. The salary and fringe benefit costs associated with these new positions are budgeted at \$1,280,000 in 2009-10 and \$1,680,000 in 2010-11. In addition, \$1,405,000 in 2009-10 and \$1,005,000 in 2010-11 would be provided to support the acquisition of equipment for GLBRC and \$250,000 would be provided annually to support research and outreach programs at GLBRC. In total, AB 75 would provide \$2,935,000 annually to support GLBRC.

5. Under the Governor's budget, UW-Stevens Point would receive \$440,000 annually to support four positions. These positions would include: (a) the Director of the Wisconsin Institute for Sustainable Technology (WIST); (b) a faculty position for the Wisconsin K-12 Energy Education Program (KEEP); and (c) two additional positions, one in the biology department and one in the paper sciences department.

6. WIST, which received \$1.4 million in federal funding under the American Recovery and Reinvestment Act (ARRA), would work with paper, forestry, and agricultural industries to develop biofuels from forest products. It has been indicated that a portion of the federal funding provided under ARRA would be used to support the WIST director. As an alternative, the Committee could reduce the amount of funding provided under AB 75 by \$110,000 SEG annually to reflect that the WIST director would be supported by federal, as opposed to state, funds. However, the Board of Regents requested four faculty positions to support WIST as part of its agency budget request. If the Committee were to approve the full funding amount for the bioenergy initiative, the funding provided for WIST could be used to support a faculty position instead of the director as originally proposed.

7. KEEP is administered by Wisconsin Center for Environmental Education (WCEE) which was formally created in 1990 by 1989 Act 299. Statutes charge WCEE with creating environmental education curriculum and materials and providing professional development opportunities for teachers. Within WCEE, KEEP offers programming aimed to increase and improve energy literacy in Wisconsin's K-12 schools through teacher education. In addition, KEEP has developed curriculum and materials for use in primary and secondary school classrooms. Currently, KEEP receives most of its funding from Focus on Energy, which is administered by the Division of Energy under DOA. The biology and paper science positions would be charged with creating a biofuels minor in partnership with those and other UW-Stevens Point departments.

8. The remaining funding provided would be used to support two outreach academic staff positions for WBI (\$200,000 annually), support the director of the UW Energy Institute (\$125,000 annually), and fund non-staff costs related to the development of research and outreach program by WBI, the UW Energy Institute, and faculty throughout the UW System (\$300,000 annually). The UW Energy Institute, which is housed in the College of Engineering at UW-Madison, is an interdisciplinary research institute focused on identifying clean energy strategies that would support economic development in the state and the nation. The Institute is governed by a team of faculty; at present, there is no director.

Segregated Funds Position Creation Authority

9. UW-Madison staff have indicated that the funds provided for the bioenergy initiative would be used to support 14 new positions beginning in 2009-10 and an additional two new positions in 2010-11. AB 75 does not create any positions under the Wisconsin bioenergy initiative appropriation. Instead, another provision of AB 75 would give the Board of Regents the authority to create or abolish positions under all UW System segregated funds appropriations, including the appropriation for the Wisconsin bioenergy initiative.

10. Under current law, the UW System is the only state agency that has the authority to create or abolish positions under any of its appropriations. Positions at all other state agencies may only be created or abolished by the Legislature through the biennial budget or in separate legislation, by the Joint Finance Committee (JFC) acting under sections 13.10, 16.505, and 16.515, or by the Governor if the positions are funded by federal revenues.

11. Under current law, the Board of Regents may create or abolish positions under many of its PR, SEG, and FED appropriations. Attachment 1 provides the title, source of funds, base funding amount, and number of positions currently authorized for each of these appropriations along with a brief description of the purpose of the appropriation. For positions created under these appropriations, the Board must report the number of positions created or abolished and the fund source for each such position to DOA and the JFC cochairpersons on a quarterly basis.

12. As shown in Attachment 1, the Board of Regents has the authority to create or abolish positions funded through appropriations totaling \$2,999,402,800 in annual base funding. Currently, there are 13,105.27 FTE positions funded through these appropriations. While most of these positions are PR funded, the Board may create or abolish segregated funds positions under its appropriation for trust fund income. The Board has had this authority since 1997. Of the UW System's 125.9 authorized segregated fund positions, 119.2 are funded through the trust fund income appropriation.

13. The proposal under AB 75 would allow the Board to create or abolish positions funded through eight additional segregated funds appropriations. Attachment 2 provides the title, base funding amount, number of positions currently authorized, and the source of funds for each of these appropriations along with a brief description of the purpose of the appropriation. As Attachment 2 shows, there are currently 6.7 authorized positions funded through these appropriations.

14. Under current law, positions under these appropriations can only be created or abolished by the Legislature through the biennial budget process or in separate legislation, or by the Joint Committee on Finance under s. 13.10. Most recently, in June, 2008, the UW System requested that 2.2 positions be created under its appropriation for discovery farm grants, which is a segregated funds appropriation. The Secretary of the Department of Administration recommended that these positions be approved. Instead, the Committee approved the creation 1.2 positions under that appropriation.

15. If the Committee approves this provision, the Committee would be ceding some of its position control authority to the UW System. As an alternative, the Committee could create the proposed positions under the Wisconsin bioenergy initiative appropriation if that funding is approved. This would provide the UW System authorization for the proposed positions without diminishing legislative oversight. The Committee could also delete the provision without authorizing the proposed positions which would require the UW System to request the positions in the future under s. 13.10 as under current law.

ALTERNATIVES

A. Bioenergy Initiative

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation to reduce funding for the Wisconsin bioenergy initiative by \$110,000 annually. Under this alternative, the WIST director would be supported by federal funds.

ALT A2	Change to Bill
	Funding
SEG	- \$220,000

3. Delete provision.

ALT A3	Change to Bill
	Funding
SEG	- \$8,000,000

B. Segregated Funds Position Authority

1. Approve the Governor's recommendation.
2. Delete provision and, instead, create 14 SEG positions under the Wisconsin bioenergy initiative beginning in 2009-10 and an additional 2 SEG positions beginning in 2010-11.

ALT B2	Change to Bill
	Positions
SEG	16.00

3. Delete provision. Require the Board of Regents submit a request the Joint Finance Committee under s. 13.10 to authorize positions under the Wisconsin bioenergy initiative, as under current law.

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Attachment

ATTACHMENT 1

Position Creation Authority under PR and SEG Appropriations

<u>Appropriation</u>	<u>Source of Funds</u>	<u>Base Funding</u>	<u>Authorized Positions</u>	<u>Description</u>	<u>Notes</u>
Academic student fees	PR	\$915,957,300	426.96	Tuition revenues, except revenues generated from UW-Extension credit outreach instruction.	The Board may only create positions that are funded by tuition revenues generated from increases in enrollment and courses for which the academic fees or tuition charged equals the full cost of offering the courses.
Auxiliary enterprises	PR	533,659,200	2,558.00	Funds received for or on account of any housing facility, commons, dining hall, cafeteria, student union, athletic activity, bookstore, parking facilities, or such other auxiliary enterprise activities as the board designates.	
Gifts and donations	PR	494,450,400	3,504.66	Funds received from gifts, grants, bequests and devises.	
General operations receipts	PR	210,354,300	1,189.26	Funds received by the UW System that are not specifically appropriated.	
Extension student fees	PR	35,185,000	111.17	Tuition revenues generated from UW-Extension credit outreach instruction.	
General operations receipts -- System Administration	PR	174,200	1.60	Funds received by UW System Administration to be used for general operations.	
Charter school operator payments	PR	0	0.00	Funds received from the operator of a charter school under contract with the UW-Parkside for the costs associated with the charter school.	
Charter school	PR	0	0.00	Funds received from the department of public instruction for the operation of a charter school by the UW-Parkside.	
Federal indirect cost reimbursement	FED	130,759,700	753.61	Funds received from the federal government as reimbursement for indirect costs of grants and contracts.	
Federal indirect cost reimbursement -- System Administration	FED	2,345,000	13.15	Funds received from the federal government as reimbursement for indirect costs of grants and contracts.	
Trust fund income	SEG	<u>26,276,400</u>	<u>119.20</u>		
Total		\$2,999,402,800	13,105.27		

ATTACHMENT 2

Proposed Position Creation Authority for Certain Appropriations

<u>Appropriation</u>	<u>Base Funding</u>	<u>Authorized Positions</u>	<u>Source of Funds</u>	<u>Description</u>
Extension recycling education	\$361,000	4.0	Recycling and renewable energy fund.	For UW-Extension educational and technical assistance programs in recycling and recycling market development.
Discovery farms grants	251,400	1.2	Agricultural and chemical cleanup fund.	For grants to operators of discovery farms for research and outreach activities under the Wisconsin agricultural stewardship initiative.
Grants for forestry programs	133,100	1.0	Conservation fund.	\$78,000 to support the paper sciences program at UW-Stevens Point; the remainder for grants to forest cooperatives.
Solid waste research and experiments	157,400	0.5	Recycling and renewable energy fund.	Supports research into alternative methods of solid waste management and the administration of solid waste experiment center.
Telecommunications services	1,054,800	0.0	Universal service fund.	Funds are used to pay DOA for services provided to the campuses.
Environmental education; environmental assessments	50,000	0.0	Environmental fund.	For Wisconsin Environmental Education Board (WEEB) grants; an amount equal to 50% of the environmental surcharges imposed on top of certain fines and forfeitures.
Environmental education; forestry	400,000	0.0	Conservation fund.	For Wisconsin Environmental Education Board (WEEB) grants and grant administration.
Total Positions		6.7		