

# University of Wisconsin System

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## **LFB Summary Items for Which an Issue Paper Has Been Prepared**

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May, 2019

Joint Committee on Finance

Paper #755

### Resident Undergraduate Tuition Freeze (UW System)

[LFB 2019-21 Budget Summary: Page 437, #2]

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#### CURRENT LAW

Under the provisions of 2017 Act 59, the Board of Regents was prohibited from charging resident undergraduate students enrolled in a UW institution or a campus of the former UW Colleges in the 2017-18 and 2018-19 academic years more in tuition than it charged resident undergraduate students enrolled in that institution or campus in 2016-17. No GPR funding was provided in 2017 Act 59 to replace the forgone tuition revenue associated with the tuition freeze.

#### GOVERNOR

Prohibit the Board of Regents from charging resident undergraduate students enrolled in a UW institution or a campus of the former UW Colleges in the 2019-20 and 2020-21 academic years more in tuition than it charged resident undergraduate students enrolled in that institution or campus in 2018-19. Provide \$16,800,000 GPR in 2019-20 and \$33,600,000 GPR in 2020-21 to replace the forgone tuition revenue associated with the tuition freeze, based on the amount of revenue a tuition increase of 2% in each year of the 2019-21 biennium would have generated.

#### DISCUSSION POINTS

1. Resident undergraduate tuition has been frozen by law for each of the six years from 2013-14 through 2018-19. Excluding differential tuition, in the previous six years from 2006-07 through 2012-13, resident undergraduate tuition generally increased by 5.5% annually, except at UW Colleges where it was frozen for four of those six years.

2. The table below shows annual resident undergraduate tuition rates in 2018-19, excluding

differential tuition for certain academic departments.

	2018-19 Resident Undergraduate <u>Tuition Rates</u>
Madison	\$9,273
Milwaukee	8,091
Eau Claire	7,361
Green Bay	6,298
La Crosse	7,585
Oshkosh	6,422
Parkside	6,298
Platteville	6,418
River Falls	6,428
Stevens Point	6,698
Stout*	234
Superior	6,535
Whitewater	6,519
Two-Year Campuses	4,750

\*UW-Stout charges tuition on a per credit basis.

3. Tuition and fees at UW-Madison in 2012-13 were \$981 below the mid-point of Big Ten institutions and tuition and fees at UW-Milwaukee in 2012-13 were \$746 below the mid-point of peer group urban institutions. Since the freeze on resident undergraduate tuition was implemented in 2013-14, UW System institution tuition and fees are even lower than those of their peer institutions. Tuition and fees at UW-Madison in 2018-19 are \$2,038 below the mid-point of Midwest Big Ten institutions, and tuition and fees at UW-Milwaukee are \$1,644 below the mid-point of peer group urban institutions.

4. At the time the freeze was first implemented, part of the discussion concerning tuition related to program revenue balances held by institutions in the UW System, which included a tuition balance of \$551.5 million at the end of 2012-13. Since that time, institutions in the UW System have used a portion of these one-time tuition moneys and drawn down the balance, which was \$300.9 million at the end of 2017-18. Even though the tuition balance has declined, total PR balances have increased from \$1,273.5 million in 2012-13 to \$1,323.5 million in 2017-18, attributable to significant increases in balances from gift moneys (\$149.5 million in 2012-13 to \$315.1 million in 2017-18) and in auxiliary operations (\$188.7 million to \$282.2 million).

5. The UW System's operating budget pools GPR and PR funding, with tuition representing approximately 60% of the total (\$1.49 billion out of a total of \$2.39 billion). Resident undergraduate tuition generates from 55% to 60% of all tuition revenue at UW System institutions, so that a tuition freeze results in no growth in approximately 33% to 36% of the UW System's base operating revenue.

6. GPR funding for UW System operations was reduced in the 2011-13, 2013-15, and 2015-17 budgets. In the 2011-13 budget, there was an ongoing annual reduction of \$125.1 million; in

the 2013-15 budget, there was an ongoing annual reduction of \$32.8 million; and in the 2015-17 budget, there was an annual reduction of \$125 million, of which \$100 million was ongoing. In each of those budgets, the UW System received other GPR funding for standard budget adjustments, specific initiatives and support from compensation reserves that offset a portion of these reductions.

7. To show the net effect of recent budgets on GPR funding for the UW System, the UW System's internal budget document (the Redbook) can be used to show GPR funding allocated by spending purpose. Excluding debt service, GPR funding for UW System operations totaled \$1,024 million in 2010-11. For 2018-19, the comparable number is \$905 million GPR. Over that time, the consumer price index (CPI) increased by 15.2%, so this reduction is even more substantial if adjusted for inflation.

8. The tuition freeze has been supported as a matter of policy as an approach to reduce the cost of college for students. Since 2012-13, CPI has increased by 9.4%. If one assumes that absent a freeze resident undergraduate tuition would have increased by CPI, then students in 2018-19 would pay from \$465 to \$870 less in annual tuition than they might otherwise have paid, depending on the institution they attend.

9. Staff from the UW System indicate that the proposed GPR funding could be used to support the tuition share of the fiscal 2018-19 pay plan increases (\$15.4 million), as this funding was drawn from the base level of GPR support for UW System institutions. Similarly, for the proposed compensation increases in the 2019-21 budget bill, the UW System would be required to reallocate \$16.4 million for fully fund the tuition share of this increase, and the proposed GPR funding could be used to avoid this reallocation of base funding from UW System institutions. Remaining funding could be used for purposes such as student services funding or other initiatives at the discretion of the UW System Board of Regents and President.

## **ALTERNATIVES**

### **A. Freeze Resident Undergraduate Tuition**

1. Approve the Governor's recommendation to prohibit the Board of Regents from charging resident undergraduates enrolled in an institution or college campus in the 2019-20 or 2020-21 academic year more than in tuition than it charged resident undergraduates enrolled in that institution or college campus in the 2018-19 academic year.

2. Take no action. Under this option, the Board of Regents would have authority to set tuition for resident undergraduates at its discretion.

### **B. Backfill Forgone Tuition Revenue with GPR Funding**

1. Approve the Governor's recommendation to provide \$16,800,000 in 2019-20 and \$33,600,000 in 2020-21 to replace resident undergraduate tuition revenue that otherwise could have been generated based on a tuition increase of 2% in each year of the biennium.

<b>ALT B-1</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$50,400,000	\$0

3. Take no action.

<b>ALT B-2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$0	- \$50,400,000

Prepared by: Dave Loppnow



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May, 2019

Joint Committee on Finance

Paper #756

### Student Success and Attainment (UW System)

[LFB 2019-21 Budget Summary: Page 438, #3]

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#### CURRENT LAW

Most of the GPR funding for the UW System is provided in a general program operations appropriation with base level funding of \$876.9 million. There is a GPR debt service appropriation with base level funding of \$215.9 million and three other smaller GPR appropriations. Each year the UW System publishes an annual budget document (the Redbook) that allocates these state appropriations by spending purpose.

#### GOVERNOR

Provide \$20 million GPR in 2019-20 and \$25 million GPR in 2020-21 in the UW System's general program operations appropriation. Require the Board of Regents to allocate this funding to advance student success and attainment.

#### DISCUSSION POINTS

1. The administration in its executive budget document indicate that initiatives supported by this funding could include time to degree, advising, and participation in internships, undergraduate research, and community partnerships.

2. The UW System's 2019-21 agency budget submission requested \$25 million GPR in 2020-21 for capacity building initiatives. These initiatives included proposals by UW System institutions relating to developing Wisconsin's workforce as well as student success and attainment. Under the UW System's request, the workforce related items involved programming in the areas of science, technology, engineering and mathematics (STEM), nursing and healthcare, and business.

The student success component involved areas such as time to degree, advising, and student participation in high impact practices. In the UW System's performance reports, high impact practices include learning communities, service learning, research with faculty, internships or field experience, study abroad, and a culminating senior experience.

3. Each of the UW System institutions included examples of initiatives they would pursue under the capacity building item in the UW System's agency budget submission. Many of these are oriented towards the workforce related items noted above. However, a number of institutions identified initiatives relating to student success.

4. An example of a proposal relating to student success and attainment was presented by UW-Milwaukee. One of its items would create a central campus office of central advising (primarily for non-declared students and students using multicultural centers) with the goal of improving time to degree, reducing the number of credits taken to degree, increasing credit loads in students' first year, and increasing the number of students who declare a major by the end of the first year.

5. Another example of a proposal relating to student access and attainment was put forward by UW-La Crosse. An item included in its submission to the Board would centralize professional advising to provide students access to an advisor who is familiar with all academic programs and provide this advising in residence halls and increase tutoring positions to improve retention.

6. A third example of a request relating to student access and attainment was made by UW-Parkside, which would add staff to ensure that all students are assigned a professional staff advisor and add a data analytics platform to support targeted student advising. In addition, UW-Parkside identified the need for multicultural student affairs staff for underrepresented students as well as a four-week summer residential bridge program for underrepresented students to complete a three-credit general education course and remedial math requirements.

7. The examples described above are drawn from the capacity building proposal submitted in September 2018. Because that proposal had a broader scope than the Governor's budget recommendation, the UW System would likely need to have its institutions submit a new set of proposals that relate solely to student success and attainment, eliminating the workforce development component that was part of their agency budget request. Because some UW institutions would have to develop proposals relating to student success and UW System would assess these proposals and allocate this additional funding, the Committee may wish to provide \$25 million in 2020-21 for this purpose, which is when the funding would have been provided under the UW System's agency budget request. [Alternative 2]

8. Another option would be to fund the broader proposal by the UW System to allow this funding to be used for workforce development and student success and attainment. This would have the advantage of allowing the full range of capacity building initiatives already submitted by UW System institutions to be considered by the Board of Regents when allocating these funds. As an example, UW-Madison identified business education, computer science, engineering, and nursing as areas for which it would use additional funding under the UW System's capacity building request. Under this option, the Committee could provide \$25 million in 2020-21 with the intent of funding the UW System's agency budget request. [Alternative 3]

**ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$20,000,000 in 2019-20 and \$25,000,000 in 2020-21 in the UW System's general program operations appropriation. Require the Board of Regents to allocate this funding to advance student success and attainment

<b>ALT 1</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$45,000,000	\$0

2. Provide \$25,000,000 in 2020-21 in the UW System's general program operations appropriation. Require the Board of Regents to allocate this funding to advance student success and attainment.

<b>ALT 2</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$25,000,000	- \$20,000,000

3. Provide \$25,000,000 in 2020-21 in the UW System's general program operations appropriation for the purpose of funding the UW System's agency budget request for capacity building initiatives.

<b>ALT 3</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$25,000,000	- \$20,000,000

4. Take no action.

<b>ALT 4</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$0	- \$45,000,000

Prepared by: Dave Loppnow





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May, 2019

Joint Committee on Finance

Paper #757

### Nurse Educators (UW System)

[LFB 2019-21 Budget Summary: Page 438, #4]

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#### CURRENT LAW

The UW System has schools or colleges of nursing that offer nursing bachelor's, master's, and doctoral degrees at UW-Madison, UW-Milwaukee, UW-Eau Claire, and UW-Oshkosh. UW-Green Bay also offers a nursing program through its College of Health, Education, and Social Welfare.

#### GOVERNOR

Provide \$10 million GPR in 2019-20 in a new continuing appropriation for nurse educators. Require the Board of Regents to establish a program for providing all of the following: (a) fellowships to students who enroll in programs for degrees in doctor of nursing practice or doctor of philosophy in nursing; (b) postdoctoral fellowships to recruit faculty for System nursing programs; and (c) educational loan repayment assistance to recruit and retain faculty for System nursing programs. Require individuals who receive fellowships or loan repayment assistance under the program to make a commitment to teach for three consecutive years in a UW-System nursing program.

#### DISCUSSION POINTS

1. In recent years, concern has been expressed about a growing shortage of qualified nurses in Wisconsin and in the country as a whole. As the population ages, demand for nursing and other health care services increases. At the same time, many nurses are themselves aging and retiring from the profession, and the number of new nurses entering the field may not be sufficient to both replace those who are retiring and meet increased demand. The problem may be especially acute in rural areas

that lack access to quality healthcare.

2. Educational requirements for nurses vary from licensed practical nursing programs, which typically can be completed in about one year, to advanced degrees including doctoral programs, which may be required for nurses who want to work as advanced specialists, conduct research, or hold management positions. Typically, an advanced degree is necessary for faculty at nursing schools; data from the Wisconsin Center for Nursing indicates that approximately 74% of nursing faculty in Wisconsin hold a master's or doctorate degree. Four UW institutions (Green Bay, Eau Claire, Milwaukee, and Oshkosh) offer advanced degree programs for nurses.

3. The current nursing shortage is reflected in nursing educator programs as well. A Fall, 2018, survey conducted by the Administrators of Nursing Education in Wisconsin (ANEW) identified 80 vacant positions for full- and part-time faculty at nursing programs in the state. The population of nursing educators is aging, and many educators are nearing retirement; information published by the Wisconsin Center for Nursing indicates that 46% of registered nurses working in nursing education programs are age 55 or older. Addressing a shortage of nursing faculty requires planning in advance because of the time required to earn an advanced degree. A doctoral program typically takes four to seven years to complete, and nurses often practice for a period of time before pursuing graduate education.

4. Under 2013 Act 20, the Board of Regents was required to allocate \$11.25 million of program revenue in each year of the 2013-15 biennium for incentive grants related to educational programs in high-demand fields. One such incentive grant was awarded to the UW-Eau Claire, UW-Madison, UW-Milwaukee, and UW-Oshkosh nursing programs, to expand the state's nursing education capacity. Grant funding totaled \$3.2 million over three years for three types of fellowship awards: (a) pre-doctoral fellowships to accelerate the completion of a doctoral program; (b) post-doctoral fellowships to attract qualified faculty to UW institutions; and (c) a loan repayment program to attract and retain new faculty. Under the grant, pre- and post-doctoral fellowship awards were granted ranging from \$21,500 to \$90,000, and awards of up to \$50,000 were granted under the loan repayment program. To be eligible for the funds, fellows and faculty had to commit to teach in a UW System nursing program for at least three years. The program awarded funds to 54 participants, including 19 at UW-Eau Claire, 13 at UW-Oshkosh, and 11 at each of UW-Madison and UW-Milwaukee. Of those, 31 have either completed their teaching commitment or are expected to complete the commitment soon, 17 have not yet started their commitment due to their education or a professional practice deferment, and five withdrew from the program.

5. The bill would provide one-time funding of \$10 million GPR in 2019-20 in a continuing appropriation for nurse educators. The funding would be used for a program similar to the grants funded by the incentive grant program. Grants would be provided for the following: (a) fellowships to students who enroll in programs for degrees in doctor of nursing practice or doctor of philosophy in nursing; (b) post-doctoral fellowships to recruit faculty for System nursing programs; and (c) educational loan repayment assistance for faculty in System nursing programs. Recipients would be required to make a commitment to teach for three consecutive years in a UW-System nursing program. The Executive Budget Book indicates that the intent of the program is to help UW recruit and retain nursing faculty.

6. In a survey conducted by the Wisconsin Center for Nursing, 31.5% of nurses cited the cost of tuition and fees as a barrier to pursuing an advanced degree. Once an advanced degree is obtained, a career in nursing education offers a lower salary compared to other nursing positions requiring a master's or doctoral degree. Data from the U.S. Bureau of Labor Statistics indicates that in Wisconsin, the average salary for a nurse educator was \$86,040 in 2018, while the average salary for a nurse anesthetist totaled \$204,820, for a nurse midwife totaled \$108,690, and for a nurse practitioner totaled \$106,790 in that year. It could be argued that funding for fellowships for nursing graduate students and loan repayment assistance would help mitigate concern about the cost of tuition and fees, as well as provide an incentive for graduates to choose nursing education as a career, rather than a career with a higher average salary.

7. The UW System has also expressed a desire to increase the number of nursing students graduating from its institutions. In its agency budget request, the UW System requested funding for grants to increase capacity in high demand fields, totaling \$25 million GPR in 2020-21. A number of the initiatives that could have received funding under the grants related to nursing, including funds to increase the number of students in the nursing program at UW-Madison from 160 to 200; relocate UW-Milwaukee's nursing bachelor's degree program to UW-Waukesha and increase enrollment by 32 students; create a bachelor's of science nursing program at UW-Barron County; and increase enrollment in the nursing program at UW-Oshkosh by 16 students per year. The UW System agency request document indicates that the funding would have been used to hire additional faculty and staff, and purchase supplies and updated technology and equipment.

8. A proposal that would provide funding to support an increase in the number of nurse educators was developed by a coalition of nursing school deans prior to the start of the 2019-21 biennial budget process. The proposal was substantially similar to the program that would be created under the bill, but would have included more institutions, including private, non-profit colleges and Wisconsin Technical College System (WTCS) institutions. The coalition estimated that the request of \$10 million could fund approximately 150 fellowships for nursing students pursuing a master's or doctorate degree in nursing, with fellowships accounting for approximately \$5.5 million of the request. Based on a budget document prepared by the coalition, it is estimated that 50% of fellowship award funding could go to students attending UW institutions and 50% could go to students attending private institutions. Another \$3.7 million would be used for loan forgiveness for an estimated 120 new nursing school faculty. Of the remainder, \$0.2 million would be used for educational conferences and \$0.6 million would be used for administrative support, such as marketing the program to potential faculty members.

9. The Committee may wish to consider modifying the Governor's proposal so that it would apply to more institutions, consistent with the request made by nursing school deans as described above. Under this approach, fellowships could be awarded to students pursuing a master's degree in nursing, a doctorate of nursing practice, or a PhD in nursing from a UW institution or one of the seven private, non-profit colleges offering those degrees in Wisconsin. Fellowship recipients could complete their three year teaching commitment at a UW System institution, a private non-profit college in Wisconsin, or a WTCS institution. The loan forgiveness program could also be extended to new faculty hires at any private, non-profit college located in Wisconsin, in addition to UW System institutions. The program would be administered by the UW System, but the Committee could specify

that no more than 50% of the fellowship award funding could be granted to individuals attending a UW institution, and no more than 50% of loan forgiveness funding could be awarded to faculty at UW institutions. Additionally, UW could be required to collaborate with the Wisconsin Association of Independent Colleges and Universities (WAICU) and an implementation council formed by the coalition of nursing school deans, which contains representatives of public and private institutions offering master's, PhD, and doctorate of nursing practice degrees. [Alternative 2]

**ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$10,000,000 in 2019-20 in a new continuing appropriation for nurse educators.

ALT 1	Change to	
	Base	Bill
GPR	\$10,000,000	\$0

2. Modify the Governor's proposal so that it would apply to students and graduates of private, non-profit colleges located in Wisconsin, in addition to UW System institutions. Also specify that recipients could complete the three-year teaching obligation at a private, non-profit college located in Wisconsin or a WTCS institution, in addition to a UW System institution. Specify that no more than 50% of the fellowship award funding could be granted to individuals attending a UW institution, and no more than 50% of loan forgiveness funding could be awarded to faculty at UW institutions. Require UW to collaborate with WAICU and a coalition of nursing school administrators in awarding the grants.

ALT 2	Change to	
	Base	Bill
GPR	\$10,000,000	\$0

3. Take no action.

ALT 3	Change to	
	Base	Bill
GPR	\$0	- \$10,000,000

Prepared by: Christa Pugh



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May, 2019

Joint Committee on Finance

Paper #758

### Additional UW Colleges Funding (UW System)

[LFB 2019-21 Budget Summary: Page 438, #6]

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#### CURRENT LAW

There are 13 two-year campuses in the UW System that were integrated with nearby doctoral or comprehensive campuses in 2018-19. Under this restructuring, the Barron campus is associated with UW-Eau Claire; the Manitowoc, Marinette, and Sheboygan campuses are associated with UW-Green Bay; the Fond du Lac and Fox Valley campuses are associated with UW-Oshkosh; the Washington County and Waukesha campuses are associated with UW-Milwaukee; the Richland and Baraboo campuses are associated with UW-Platteville; the Marathon and Marshfield campuses are associated with UW-Stevens Point; and the Rock County campus is associated with UW-Whitewater.

#### GOVERNOR

Provide \$2,500,000 GPR in 2019-20 and in 2020-21 in the UW System's general program operations appropriation. Require the Board of Regents to allocate at least \$2.5 million in each fiscal year to the UW Colleges for student support services. Specify that this be in addition to any other amount allocated to UW Colleges by the Board and that this allocation be a bona fide increase of funding to the UW Colleges above the level that otherwise would have been provided.

#### DISCUSSION POINTS

1. In November, 2017, the Board of Regents approved a proposal to restructure UW Colleges and UW-Extension, integrating UW Colleges campuses with UW four-year institutions, and assigning divisions within UW-Extension to UW-Madison and UW System Administration. The restructuring was approved by its accrediting body, the Higher Learning Commission (HLC) in June

of 2018.

2. Advising and student support services are areas for which institutions at the UW System have requested additional funding in recent biennia. These are activities that are linked to various performance metrics involving retention and graduation rates, degrees conferred, and time to degree. This is particular concern for underrepresented groups, and nontraditional students also benefit from advising and student support services.

3. There are more part-time students at the two-year campuses than at other institutions in the UW System. In 2017-18, 53% of the students at the two-year campuses were part-time compared to 16% at other institutions in the UW System. More students at the two-year campuses were over the age of 24 than at other institutions in the UW System. In 2017-18, 7.7% of students at the two-year campuses were age 25 to 29 and 10.7% were age 30 and over, while the percentages for other institutions in the UW System were 5.3% and 6.7%, respectively. These are students that typically benefit more from student support services compared to traditional students.

4. In 2017-18, UW Colleges provided student support services using a regional approach with four groups of staff serving the 13 two-year campuses. With the reorganization, these staff have been allocated to the associated comprehensive institution. UW System staff indicate that the accrediting body highlighted student advising and support services for the two-year campuses as an area that needs additional resources. In 2018-19, based on information from UW System, there are 32 positions allocated to this role on the two-year campuses. These positions include advisors and student service coordinators and have an average salary of \$45,000 and average fringe benefit and other costs of \$19,000. UW System staff indicate that given the HLC recommendations regarding the restructuring, the UW System would direct substantial investment to student support.

5. In allocating revenues and expenditures from the two-year campuses to the associated comprehensive institutions, materials prepared by UW System indicate that there are budget shortfalls. Because of enrollment declines and the resulting reduction in tuition revenue, there are structural imbalances that will need to be addressed, even after allocation of centralized funding and available balances. The \$2.5 million of annual funding under this provision would allow the UW System to augment student support services at the two-year campuses without exacerbating the budget issues that exist relating to the restructuring. To allow for the time needed to fill positions, nine months of funding (\$1,875,000) could be provided in 2019-20. [Alternative 3]

6. Using the average position cost of \$64,000, funding 16 student advising and support services staff would require \$1,024,000 annually. To allow for the time needed to fill new positions, nine months of funding (\$768,000) could be provided in 2019-20, and the full \$1,024,000 in 2020-21. Under this approach, the Committee would provide funding for a 50% increase in this type of position. [Alternative 4]

7. Many funding items in the budget are included without specific statutory language governing their use. The Legislature relies upon the intent established in budget documents (the executive budget books for an item recommended by the Governor as well as the relevant issue paper or motion). In this case, the Governor has included a statutory directive to the Board of Regents relating to this funding. If the Committee wishes to provide this funding, it could choose to do so

without this statutory directive, and instead rely upon the intent established by the budget documents to govern the use of this funding by the Regents. [Alternative 2]

**ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$2,500,000 annually in the UW System's general program operations appropriation. Require the Board of Regents to allocate at least \$2.5 million of this funding in each fiscal year to the UW Colleges for student support services. Specify that this be in addition to any other amount allocated to UW Colleges by the Board and that this allocation be a bona fide increase of funding to the UW Colleges above the level that otherwise would have been provided.

ALT 1	Change to	
	Base	Bill
GPR	\$5,000,000	\$0

2. Provide \$2,500,000 annually in the UW System's general program operations appropriation for student support services at the two-year campuses that were part of UW Colleges. (This alternative would rely on budget documents to govern the use of this funding rather than a specific statutory directive to the UW System Board of Regents as under Alternative 1.)

ALT 2	Change to	
	Base	Bill
GPR	\$5,000,000	\$0

3. Provide \$1,875,000 in 2019-20 and \$2,500,000 in 2020-21, which would adjust first-year funding to nine months rather than 12 month of provide funding.

ALT 3	Change to	
	Base	Bill
GPR	\$4,375,000	- \$675,000

4. Provide \$768,000 in 2019-20 and \$1,024,000 in 2020-21, which would support 16 advising or student support positions, with nine months of funding in 2019-20.

ALT 4	Change to	
	Base	Bill
GPR	\$1,792,000	- \$3,208,000

5. Take no action.

<b>ALT 5</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
GPR	\$0	- \$5,000,000

Prepared by: Dave Loppnow



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May, 2019

Joint Committee on Finance

Paper #759

### UW-Extension Cooperative County Agriculture Agents (UW System)

[LFB 2019-21 Budget Summary: Page 439, #7]

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#### CURRENT LAW

The UW-Madison Division of Extension provides educational programs related to agriculture, natural resources, geological and natural history, community and economic development, and other topics, through an office located in every county in the state. The agriculture and natural resources program uses University research and knowledge to address community agricultural and natural resources needs.

#### GOVERNOR

Provide \$1,500,000 GPR and 20.0 GPR positions beginning in 2019-20 and \$2,000,000 GPR in 2020-21 in the UW System's general operations appropriation. Require the Board of Regents to allocate \$1.5 million GPR in fiscal year 2019-20 and \$2 million GPR annually thereafter for extension county-based agriculture positions.

#### DISCUSSION POINTS

1. In November, 2017, the Board of Regents approved a proposal to restructure UW Colleges and UW-Extension. Divisions of the UW-Extension were divided up between UW-Madison and the UW System. The division formerly known as Cooperative Extension, which provides direct outreach to local communities, became part of UW-Madison's newly created Division of Extension, effective July 1, 2018. As a result, funding for the Division of Extension from the University's single GPR appropriation is part of the UW System's internal budget allocation for UW-Madison.
2. The Division of Extension provides outreach from the University to local citizens and

communities, with institutes focusing on agriculture, community development, health and well-being, human development and relationships, natural resources, and positive youth development. As part of the agriculture institute, educators work in local communities through activities such as working directly with farmers and other agricultural producers, speaking to civic groups and county boards, facilitating meetings, and providing information publicly through newspapers, radio, or television programs. Educators provide information on topics including safe and healthy agricultural practices, farm profitability, farm succession and planning, using resources in a sustainable way, and best practices for growing various crops.

3. Under 2015 Act 55, the UW System's GPR general program operations appropriation was reduced by \$125 million GPR annually, with \$100 million GPR of that reduction ongoing. Extension funding was reduced by \$4.6 million in 2015-16 compared to 2014-15.

4. In 2019-20, the Division of Extension's budget totals approximately \$74.6 million, with funding sources including state, federal, and local dollars, as well as gifts and grants. Of that amount, \$60.4 million is used for salary, wages, and fringe benefits for staff located on UW campuses and in local county offices.

5. The Division of Extension budgeted \$2.3 million for salaries for agriculture agents and educators in 2018-19, using a combination of state and federal funds. (Another \$7.8 million is allocated for agriculture-related integrated specialists, who are located on a UW campus and may conduct research and teaching in the area of agriculture, in addition to outreach applying that research directly to local communities.) Counties also provide a portion of the funding for county-based educators, equal to approximately 45% of total funding for educators.

6. As of May, 2019, 57.4 full-time equivalent (FTE) agricultural educators are working in 65 of Wisconsin's 72 counties. Some educators work part-time in more than one county; in those cases, the county portion of the funding is split between counties. Extension staff indicate that currently, there is not sufficient funding in the budget to provide an agricultural agent or educator in every county.

7. The bill would provide \$1.5 million GPR in 2019-20 and \$2 million GPR in 2020-21, and 20 new agriculture educator positions for the Division of Extension. The Executive Budget Book indicates that the purpose of the additional funding is to ensure that governments, farmers, and citizens have local access to agricultural expertise.

8. The Division of Extension has developed an expansion proposal based on input from local stakeholders and agricultural partners to identify local needs and priorities. The proposal includes regional, statewide, and state integrated specialists. Regional specialists focusing on agriculture could include individuals providing assistance in the areas of farm management, water quality, cranberry production, and commercial vegetable production, with each specialist serving an area including approximately seven to ten counties. The statewide outreach programming positions could include a horticulture diagnostics specialist and a grazing/beef cattle specialist. Other statewide positions could include experts on dairy cattle nutrition, milk quality, small fruits pathology, forage agronomy, field crops entomology, and farm financial management. Extension is also proposing additional position increases in areas other than agriculture, including regional specialists in

workforce development, rural health, affordable housing, and financial education, as well as statewide positions focusing on rural mental health, youth mental health, and incarceration. It is estimated that the cost of the additional positions would total \$3.75 million annually.

9. Extension has also proposed reducing the fee paid by counties for educators by \$10,000 for the first educator position in each county. Extension staff indicate that the fee reduction would especially benefit rural counties, which may experience difficulty securing sufficient funding for an Extension educator, and would help Extension continue to maintain an office in every county. The fee reduction would cost an estimated \$750,000 annually.

10. The funding under the bill would be used to implement a portion of the expansion proposal. Extension staff indicate that the number and types of positions would be scaled back in proportion to the available funding. However, the Committee may wish to fund the entire proposal. Under this approach, the Committee could provide \$3,375,000 GPR in 2019-20 and \$4,500,000 GPR in 2020-21 and 29.0 positions, an increase of \$1,875,000 GPR in 2019-20 and \$2,500,000 GPR in 2020-21 and 9.0 positions compared to the funding in the bill. [Alternative 2]

11. If the Committee wishes to provide some additional funding for county agriculture agents but at a reduced cost, the Committee could consider providing 10.0 positions and \$1,220,000 GPR in 2019-20 and \$1,375,000 GPR in 2020-21. This funding level is intended to provide full funding for the proposal to reduce the fee paid by counties, as well as approximately half of the funding provided by the Governor for positions. [Alternative 3]

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$1,500,000 and 20.0 positions in 2019-20 and \$2,000,000 in 2020-21 in the UW System's general operations appropriation for UW-Extension county-based agriculture positions.

ALT 1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$3,500,000	20.00	\$0	0.00

2. Fully fund UW-Extension's expansion proposal by providing \$3,375,000 in 2019-20 and \$4,500,000 in 2020-21 and 29.0 positions.

ALT 2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$7,875,000	29.00	\$4,375,000	9.00

3. Provide \$1,220,000 GPR and 10.0 positions in 2019-20 and \$1,375,000 GPR in 2020-21.

ALT 3	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$2,595,000	10.0	- \$905,000	- 10.0

4. Take no action.

ALT 4	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$0	0.00	- \$3,500,000	- 20.00

Prepared by: Christa Pugh



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May, 2019

Joint Committee on Finance

Paper #760

### Supplemental Pay Plan and Performance (UW System)

[LFB 2019-21 Budget Summary: Page 440, #11]

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#### CURRENT LAW

Under 2017 Act 59 (the 2017-19 budget), the UW System was provided \$26.25 million GPR of ongoing funding beginning in 2018-19 to be distributed to UW System institutions as performance or outcomes-based funding. In Act 59, the Legislature established the following goals for the UW System: (a) growing and ensuring student access; (b) improving and excelling at student progress and completion; (c) expanding contributions to the workforce; and (d) enhancing operational efficiency and effectiveness. For each goal, the Board of Regents was required to identify at least four metrics to measure an institution's progress toward meeting the goal. Pursuant to Act 59, the Board received approval of its performance or outcomes-based funding formula from the Joint Committee on Finance on April 18, 2018.

#### GOVERNOR

Specify that the Board of Regents and the Chancellor of UW-Madison (subject to Board approval) may provide supplemental pay plans in addition to the 2019-21 state compensation plan. Prohibit the Board from requesting supplemental funding to pay the associated costs and prohibit the Board from requesting any funding of increases in salary and fringe benefit costs provided in these plans through the UW System agency budget request.

Provide that for each fiscal year of the 2019-21, instead of allocating \$26.25 million GPR of annual base funding for performance or outcomes-based funding, the Board of Regents could allocate all or a portion of that amount to fund the supplemental pay plans described above. Specify that the Board would be required to use the remainder the \$26.25 million for performance or outcomes-based funding.

## DISCUSSION POINTS

1. At its meeting in December of 2018, the Board of Regents approved a resolution approving a pay plan request on behalf of all UW System employees of a 3% increase in 2019-20 and a 3% increase in 2020-21, fully funded from the state's compensation reserve. Data from UW System indicates that faculty compensation lags behind that of their peer institutions, with the percentage behind ranging from 10.8% at UW-Milwaukee, to 15.6% at UW-Madison, and 19.0% at the comprehensive institutions, using data adjusted for the cost of living.

2. The Joint Committee on Employment Relations (JCOER) approves the state employee compensation plans. The Administrator of the Division of Personnel Management in the Department of Administration is required to submit to JCOER any proposed changes to state employee compensation plans, including the compensation and benefit adjustments for employees of the UW System. The DPM Administrator submits the plan to JCOER after receiving recommendations from the UW Board of Regents and the UW-Madison Chancellor.

3. In the 2019-21 budget bill, the Governor has budgeted \$82 million in GPR compensation reserves for a general wage adjustment for state employees (including the UW System) of 2% on January 1, 2020, and an additional 2% on January 1, 2021. The Governor has also made the recommendations described above that would allow the UW System to provide self-funded supplemental pay plans in addition to the 2019-21 state compensation plan. Under the Governor's recommendations, the UW System could reallocate up to \$26.25 million of outcomes-based funding from its 2018-19 base to support this supplemental pay plan in the 2019-21 biennium.

4. In 2011 Act 32 (the 2011-13 budget), the UW System was authorized to provide supplemental pay plans during the 2011-13 biennium, subject to approval by JOCER. Similar to the current proposal, Act 32 prohibited the Board from requesting supplemental funding to pay the associated costs and from requesting any funding of increases in salary and fringe benefit costs provided in its subsequent budget requests. Staff from the UW System indicate that this Act 32 provision was not used by the Board of Regents in the 2011-13 biennium.

5. In developing the UW System's submission last year to the Committee relating to the \$26.25 million provided in 2018-19 under 2017 Act 59 (the 2017-19 budget) for performance funding, each institution assigned percentage weights to each of the four metrics for each of the four goals established by Act 59. This was done so that each institution could determine which metrics best suited their campus. Changes in the current three-year rolling average of each metric compared to the prior three-year rolling average were weighted by the percentages selected by each institution and the performance funding distributed accordingly.

6. Each institution received funding from the Act 59 performance funding, ranging from \$10.98 million for UW-Madison to \$4.03 million for UW-Milwaukee to a low of \$0.47 million for UW-Superior. This funding has been used by institutions to support their activities in 2018-19, as it is part of their base budget.

7. In the case of the UW System, performance funding of \$26.25 million represents less than 3% of the GPR received for operating costs. The effects of the marginal funding adjustments

that the outcome-based metrics will make to the GPR funding received by UW institutions may be slight. The UW System identifies faculty compensation as a significant issue across its institutions.

8. On the other hand, performance funding typically takes a number of years before its effects can be evaluated. The metrics were approved a year ago and 2018-19 represents the first year that institutions received moneys allocated using them. In its 2019-21 agency budget submission, the UW System requested \$27.5 million GPR in 2019-20 and \$55.0 million GPR in 2020-21 for performance funding and stated that the goals and metrics associated with this funding will be part of its future biennial budget performance measures. If there is an interest in determining whether performance funding can affect behavior at UW institutions, a proposal to allow this funding to be reallocated to support pay increases after only one year may be premature.

## **ALTERNATIVES**

1. Approve the Governor's recommendation to specify that the Board of Regents and the Chancellor of UW-Madison (subject to Board approval) may provide supplemental pay plans in addition to the 2019-21 state compensation plan. Prohibit the Board from requesting supplemental funding to pay the associated costs and prohibit the Board from requesting any funding of increases in salary and fringe benefit costs provided in these plans through the UW System agency budget request. Provide that for each fiscal year of the 2019-21, instead of allocating \$26.25 million GPR of annual base funding for performance or outcomes-based funding, the Board of Regents could allocate all or a portion of that amount to fund the supplemental pay plans described above. Specify that the Board would be required to use the remainder the \$26.25 million for performance or outcomes-based funding.

2. Take no action.

Prepared by: Dave Loppnow





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May, 2019

Joint Committee on Finance

Paper #761

### Environmental Education Grants (UW System)

[LFB 2019-21 Budget Summary: Page 441, #13]

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#### CURRENT LAW

No provision.

#### GOVERNOR

Provide \$250,000 SEG annually from the conservation fund to create an environmental education grant program. Under the program, require UW-Stevens Point to award 18-month grants to nonprofit corporations and public agencies including counties, cities, villages, towns, public inland lake protection and rehabilitation districts, lake sanitary districts, school districts, and state agencies for the development, dissemination, and presentation of environmental education programs. No more than one-third of the total amount awarded in grants in any fiscal year could be awarded to state agencies. Recipients would be required to match at least 25 percent of the amount of the grant, which could include private funds and in-kind contributions.

Require UW-Stevens Point to consult with the State Superintendent, other UW System institutions, and conservation and environmental groups to assist in identifying needs and establishing priorities for environmental education, including needs for teacher training, curriculum development, and the development and dissemination of curriculum materials. Require the Board of Regents to promulgate rules establishing the criteria and procedures for awarding grants under the program in consultation with the Chancellor and faculty of UW-Stevens Point. If the amount in the appropriation is insufficient in any fiscal year to fund all applications for grants, require UW-Stevens Point to use the priorities established in consultation with other entities for awarding grants. Require UW-Stevens Point to seek private funds to support the grant program.

## DISCUSSION POINTS

1. Prior to 2016-17, the Wisconsin Environmental Education Board (WEEB) awarded grants to corporations, public agencies, state agencies, public colleges and universities, and non-public educational institutions for the development, dissemination and presentation of environmental education programs using moneys from the environmental fund and the forestry account of the conservation fund. The Board consisted of seventeen members, including the State Superintendent, the Secretary of the Department of Natural Resources, the UW System President, the President of the Wisconsin Technical College System, two Senators and two Representatives, and representatives of elementary and secondary school environmental educators, conservation and environmental organizations, business and industry, and other stakeholders. Funding for the program totaled \$130,500 SEG from the environmental fund and \$200,000 SEG from the conservation fund. WEEB was located in the College of Natural Resources at UW-Stevens Point.

2. Under 2015 Act 55, WEEB was eliminated as part of a restructuring of UW System appropriations. Act 55 deleted the UW System's program revenue, federal revenue, and segregated revenue appropriations, and instead provided the System with one GPR general program operations appropriation and one GPR debt service appropriation. The WEEB appropriations were deleted effective July 1, 2017, following the final payments of grants awarded in the 2015-16 fiscal year.

3. The conservation fund is a segregated trust fund used to finance many of the state's resource management programs administered by the Department of Natural Resources (DNR). DNR programs supported by conservation fund revenues include wildlife and fish management, forestry, the state parks system, and the endangered resources program, as well as programs and operations in other agencies related to environmental conservation. Under prior law, the portion of WEEB funding from the conservation fund was under the forestry account, and was used to fund forestry and school forest grants. In 2016-17, total expenditures under the forestry account totaled \$114.1 million, including \$399,200 for WEEB grants.

4. Prior to its elimination, WEEB awarded grants of up to \$20,000 per project to schools, nature centers, and other groups related to water, forestry, food systems, invasive species, and other environmental projects. Grants were awarded for 18 month periods which typically began on July 1, and ended the following December. In 2015, 86 proposals were submitted, and 46 were funded with grants totaling \$322,975. Grant requests ranged from \$941 to \$20,000 in that year. Examples of grantees include DC Everest School District, which received funding to develop an early childhood environmental education program; Glacierland Resource Conservation and Development in Green Bay, which received funding to educate private woodland landowners on forest health issues and invasive species control; Hurley School District, which received funding to develop an education plan for its school forest; and Friends of Wehr Nature Center in Franklin, which received funding to support sixth graders' participation in a national civics education program with a project related to woodland management.

5. Under the bill, UW-Stevens Point would be required to seek private funds to support the grant program. In 2005, the Wisconsin Environmental Education Foundation (WEEF) was approved as a non-profit organization to raise private funds for WEEB grant programs. WEEF's revenues totaled \$84,779 in 2012-13 and \$64,264 in 2013-14, the most recent years for which fundraising totals

are included in WEEB's final biennial report, published in October, 2015. WEEF was dissolved in 2018, but transferred its remaining assets to the Natural Resources Foundation of Wisconsin, establishing a permanent endowment for environmental education.

6. UW-Stevens Point indicates that following the elimination of grant funding in 2015 Act 55, staff and other infrastructure related to the grant program were eliminated. According to WEEB's biennial report, the Board employed one 0.5 FTE employee, with additional time as contracts allowed. Once grant applications were received, grants were reviewed by volunteer reviewers based on their completeness and adherence to program requirements; goals, objectives, activities, and evaluations; overall quality and value of the project; and other metrics.

7. Before the first grant awards would be made under the new program, preparation and planning for the new grants be required, including hiring or assigning staff to work with the program, creating an application and other grant procedures, soliciting and reviewing applications, and making grant awards. Therefore, given these tasks, it could be the case that it would be preferable to begin awarding grants in the 2020-21 fiscal year, rather than 2019-20 as under the bill. [Alternative 2]

8. The Department of Administration indicated in an errata that the program was not intended to award grants for environmental education. Instead, the intent "was to allow UW-Stevens Point to use the funds to best provide and support environmental education." Under this approach, the bill provisions that would establish a grant program would be deleted, and references to "grants" in the proposed appropriation for UW-Stevens Point would be removed. This would allow UW-Stevens Point to use these moneys for environmental education. [Alternative 3]

## ALTERNATIVES

1. Approve the Governor's recommendation to create an environmental education grant program with \$250,000 annually from the conservation fund.

ALT 1	Change to	
	Base	Bill
SEG	\$500,000	\$0

2. Modify the Governor's proposal so that the grant program would begin in 2020-21, rather than 2019-20 as under the bill.

ALT 2	Change to	
	Base	Bill
SEG	\$250,000	- \$250,000

3. Modify the bill as identified by DOA to delete references to a grant program and, instead, provide \$250,000 annually to UW-Stevens Point for environmental education.

<b>ALT 3</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$500,000	\$0

4. Take no action.

<b>ALT 4</b>	<b>Change to</b>	
	<b>Base</b>	<b>Bill</b>
SEG	\$0	- \$500,000

Prepared by: Christa Pugh

# UNIVERSITY OF WISCONSIN SYSTEM

## LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments
5	Reestimate Debt Service
8	State Lab of Hygiene -- Forensic Toxicology
9	Reestimate Tuition Revenues
12	Performance Funding Allocations
14	UW-Stevens Point Paper Science Program
15	Physician and Dentist Loan Assistance Program

## LFB Summary Item Addressed in a Separate Paper

<u>Item #</u>	<u>Title</u>
17	Dual Enrollment (Paper #593)

## LFB Summary Items Removed From Budget Consideration

<u>Item #</u>	<u>Title</u>
10	Nonresident Tuition Exemption for Undocumented Individuals
16	Health Care Provider Loan Assistance