

University of Wisconsin System

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June 8, 2023

Joint Committee on Finance

Paper #810

UW System General Program Operations (UW System)

[LFB 2023-25 Budget Summary: Page 664, #2]

CURRENT LAW

Most of the GPR funding for the UW System is provided in a general program operations appropriation with adjusted base level funding of \$1,001.9 million. There is also a GPR debt service appropriation with adjusted base level funding of \$209.5 million and five other smaller GPR appropriations with combined adjusted base funding of \$8.8 million, including \$4.4 million for renewable energy and \$2.5 million for the Freshwater Collaborative.

DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide an additional \$22.1 million in 2023-24 and \$44.3 million in 2024-25 for UW System operations in the UW System's largest GPR appropriation for general program operations. DOA budget staff indicate this additional funding would be flexible and discretionary. According to UW System, the funding is intended to offset increased inflationary costs of goods and services and provide ongoing support for key initiatives at UW institutions such as dual enrollment; equity, diversity, and inclusion efforts; Title IX compliance; sustainability; and student mental health services. Additionally, funds would be utilized to increase compensation to recruit and retain critical faculty and staff in information technology, facilities, behavioral health, and academic advising.

2. To show the long-term trend of 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 \$930.5 million in 2012-13. (Redbook numbers include funding for the State Laboratory Hygiene and the Veterinary Diagnostic Laboratory.) For 2022-23, the comparable number is \$1,027.1 million GPR, an increase of 10.4%. However, over that time, the consumer price index (CPI) increased by 27.5%, meaning the GPR funding increase was less than half the increase in inflation over the period. Table 1 shows the UW System's GPR operating budget from 2012-13 through 2022-23.

TABLE 1

**UW System GPR Operating Budget
Excluding Debt Service
(in Millions)**

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2012-13	\$930.5	2018-19	\$904.5
2013-14	915.5	2019-20	936.2
2014-15	933.1	2020-21	963.5
2015-16	802.5	2021-22	1,005.9
2016-17	832.9	2022-23	1,027.1
2017-18	840.4		

3. Since Spring, 2020, the COVID-19 pandemic has had a significant impact on UW System's operations and financial condition. UW estimates a loss of approximately \$513 million due to COVID-19-related enrollment declines including forgone tuition and forgone auxiliary revenues such as housing and dining revenue. Other significant costs related to the pandemic include testing, personal protective equipment (PPE), and technology/telecommuting. As of March, 2022, the most recent data available, UW System estimates a net loss due to the COVID-19 pandemic of approximately \$210 million as shown in Table 2.

TABLE 2

**Net Impact of COVID-19 to UW System
(\$ in Millions)**

Additional expenses	-\$299
Lost revenue (including tuition losses)	-513
Federal aid revenue	<u>602</u>
Total	-\$210

4. Like many sectors of the U.S. economy, higher education has faced significant inflationary cost pressures in recent years. According to data from Commonfund, an asset management firm that tracks inflation in the higher education sector, the cost of running a higher educational institution increased by 2.7% in fiscal year 2020-21, and by 5.2% in fiscal year 2021-22, the highest increase since 2001. Commonfund calculates inflation for the higher education sector based on salaries, utilities, supplies and materials, and fringe benefits. In 2022, utilities were the primary driver of cost increases, with an increase of 43.1%, followed by supplies and materials costs which rose by 21.5%. Faculty salaries rose the least, by only 2.1%. This is consistent with UW System, where salary increases averaged 2.6% across the system in 2021-22.

5. In response to these rising costs, many colleges and universities have increased tuition. On March 30, 2023, the Board of Regents approved tuition increases for the 2023-24 school year for both residents and non-residents. The Regents also approved increases in segregated fees and room and board fees. For residents, the increase in tuition would average 5.1% and the total increase in tuition and segregated fees would average 4.9% across the system. For example, UW-Madison's tuition would increase by 4% to \$9,646 (from \$9,273), for a total cost of \$11,215 including segregated fees (from \$10,796). Tuition at UW-Oshkosh would increase to \$6,806 (from \$6,422) with fees increasing from \$1,373 to \$1,452, for total tuition and fees of \$8,258 (from \$7,795), an increase of 5.9%. Overall, UW estimates the increased tuition, segregated fees, and room and board fees are expected to generate approximately \$75.5 million in increased annual revenue, including \$38 million from general increased tuition, \$19.5 million from increased differential tuition, and \$18 million from increased segregated fees and room and board fees.

6. During five of the last six most recent biennia, the Legislature has included provisions in the biennial budget act that have limited the amount by which the Regents could increase resident undergraduate tuition rates. Under 2011 Act 32, the Regents were prohibited from increasing tuition for resident undergraduate students by more than 5.5% annually in 2011-12 and 2012-13. Beginning in the 2013-15 biennium, each biennial budget act until 2021 Act 58 prohibited increases in resident undergraduate tuition rates. As the 2021-23 budget act (2021 Act 58) did not include a tuition freeze provision, there were no limits on the Regents' authority to set resident undergraduate tuition beginning in the 2021-22 academic year under current law. However, the Board opted not to increase resident undergraduate tuition in the 2021-22 or 2022-23 academic years. While tuition was frozen, UW System utilized base funding and tuition reserves, also known as program revenue (PR) balances, to fund compensation and fringe benefit increases. From June 30, 2013, to June 30, 2022, the tuition revenue PR balance decreased from \$551.5 million to \$298.3 million. According to UW System, the \$298.3 million balance represents 39.4 days of operating expenses. UW System estimates the tuition revenue PR balance will be approximately \$242.4 million at the close of fiscal year 2022-23 and \$204 million at the close of fiscal year 2023-24. According to UW System, the inflationary pressure on the costs of goods and services, coupled with the inability to utilize increased tuition revenues to cover increases in compensation plans, have made the tuition freeze on undergraduate tuition unsustainable. Increased revenue is also needed to address structural deficits; UW System notes that, with the exception of UW-Madison, actual revenues from tuition and fees were below budgeted amounts at all other system institutions in fiscal year 2021-22 by over \$30 million.

7. When asked by a member of the Assembly Committee on Colleges and Universities during an informational hearing whether tuition increases of approximately 5% would still be necessary if the increased funding proposed in Assembly Bill 43/Senate Bill 70 was provided, UW System President Jay Rothman responded affirmatively that tuition increases would still be needed. He noted that UW System has lost spending power due to recent increased levels of inflation and emphasized the need to maintain multiple levers of revenue. President Rothman also stated that UW System is committed to maintaining affordability, through measures like the tuition promise, a program designed to supplement the gap between any scholarships or grants an eligible student receives outside of the tuition promise program and the full cost of their academic fees and segregated fees.

8. President Rothman also stated that he is committed to looking at system expenditures and identifying areas to improve efficiency. For example, UW System has eliminated several offices and consolidated the divisions of finance and administration under one Vice President. Information technology services have also been consolidated as three campuses have recently committed to utilizing IT services through UW System, and UW System indicates that more campuses are expected to join these services in the near future. UW System is also standardizing human resources and finance business processes within and across campuses. To better meet student demand and increase workforce supply in high-demand fields, UW System also continues to look at the array of programs offered by all System institutions. Between July 1, 2017, and June 30, 2022, 196 single institution new academic programs were approved by the Board of Regents and 107 programs were suspended or eliminated from the program array.

9. As noted, the increased funding provided would be flexible and discretionary. For example, funding could be utilized for priorities at individual institutions, or perhaps to increase funding for institutions with higher relative declines in enrollment. Or, if funding is not provided for other items proposed by the Governor through the budget act, this increased funding could be utilized to fund some of those items.

10. Funding could also be used to support aging infrastructure. UW System estimates that more than half of its facilities were built in the post-World War II era, compared to approximately 33% of total inventory across higher education nationally. Facilities built at this time did not prioritize energy efficiency. UW System notes that while electrical systems are recommended to be replaced every 25 years, heating ventilation and air conditioning (HVAC) systems every 30, and plumbing every 35 years, many of the UW System buildings constructed between 1950 and 1975 have never had their electrical, HVAC, plumbing, or exterior envelope (including roof, windows, doors, floors, foundation, and insulation) replaced or repaired. This deferred maintenance leads to greater risk of system failure. Further, the longer maintenance is deferred, the more expensive it becomes to fix. As systems fail, existing resources must be diverted to address them, leaving fewer resources for preventative maintenance.

11. Given recent inflation, the Committee could consider a larger increase in funding in the first year of the biennium. An increase of \$165 million beginning in 2023-24 would provide an increase of 16.5% in UW System's adjusted base operations appropriation consistent with the increase in the CPI from 2018 to 2022. [Alternative 2] As inflation is expected to level off over the 2023-25 biennium, with the CPI projected to increase by 2.2% in 2024, and 2.0% in 2025 compared to 8.0% in 2022 and 3.9% in 2023, UW System costs could be less than anticipated. The Committee could consider providing 2.0% annually. [Alternative 3]

ALTERNATIVES

1. Provide \$22.1 million in 2023-24 and \$44.3 million in 2024-25 for UW System operations in the UW System's largest GPR appropriation under section 20.285(1)(a) of the statutes for general program operations, an increase of 2.2% in 2023-24 and 4.4% in 2024-25 above level funding.

ALT 1	Change to Base
GPR	\$66,400,000

2. Provide \$165 million in 2023-24 and 2024-25 for UW System operations in UW system's largest GPR appropriation under section 20.285(1)(a) of the statutes, an increase of 16.5% compared to base level funding.

ALT 2	Change to Base
GPR	\$330,000,000

3. Provide \$20 million in 2024-25 for UW System operations in UW system's largest GPR appropriation under section 20.285(1)(a) of the statutes, an increase of 2% annually compared to base level funding.

ALT 3	Change to Base
GPR	\$40,000,000

4. Take no action.

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June 8, 2023

Joint Committee on Finance

Paper #811

Health Care Provider Loan Assistance Program (UW System)

[LFB 2023-25 Budget Summary: Page 666, #8]

CURRENT LAW

UW System administers the health care provider loan assistance program and a companion program, the physician and dentist loan program, through the Wisconsin Office of Rural Health at the UW-Madison School of Medicine and Public Health. Under the current health care provider loan program, the Board of Regents may repay up to \$25,000 in education loans on behalf of a health care provider, defined as a dental hygienist, physician assistant, nurse-midwife, or nurse practitioner, who agrees to practice in one or more eligible practice areas in this state. To be eligible for loan repayment, the health care provider must enter into a written agreement with the Board in which he or she agrees to practice at least 32 clinic hours per week for three years in an eligible practice area. Loans to health care providers are repaid as follows: (1) 40% of the principal up to \$10,000 in each of the first and second years; and (2) 20% of the principal up to \$5,000 in the third year. Total state funding for the health care provider and physician and dentist loan assistance program is \$798,700 in 2022-23. Of this amount, \$488,700 PR is from tribal gaming revenues and \$310,000 SEG is from the critical access hospital assessment fund with hospital assessment funds limited to repayments on behalf of physicians practicing in rural areas. In addition, approximately \$300,000 in federal funding is provided annually.

DISCUSSION POINTS

1. Economic impact studies show that good local health care services improve a community's ability to attract new businesses and new residents, and, as a result, create local jobs. Rural health organizations employ people directly, purchase products and services from local and area businesses, create additional and secondary employment, and add stability to the economic base of a community. A 2017 USDA study entitled "Employment Spillover Effects of Rural Inpatient Healthcare Facilities" found that inpatient healthcare facilities were responsible for 1.25 million jobs, or 8.5% of wage and salary employment in rural communities at their peak in 2011. Primary care

physicians and nurses are a major part of the health care system. In most rural areas, they are principal providers of local health care services. They also contribute to their communities through educational programs promoting healthy lifestyles. Economically, some health care professionals hire and pay staff for clinics, and provide outpatient services to the local hospital. A 2016 report from the National Center for Rural Health Works (NCRHW) estimates that a rural physician generates more than \$1.4 million in wages, salaries and benefits, and creates 26.3 jobs in a local community with a hospital.

2. Concerns continue to be raised regarding the shortage of healthcare workers in Wisconsin, particularly in rural areas. A report by the Wisconsin Council on Medical Education and Workforce in 2021 projected that demand for many healthcare fields will outpace projected supply by 2035 including advanced practice nurses (nurse practitioners), registered nurses, and primary care physicians. Further, data from the Wisconsin Department of Health Services indicates that there is also a shortage of dentists for low-income, Medicaid-eligible Wisconsin residents. The data show that in September, 2019, 46 of Wisconsin's 72 counties are designated as having a full county shortage based on federal health professional shortage area (HPSA) guidelines, and an additional 11 counties have partial shortages. In addition, dentists in the 11 counties with negative ratios, which would indicate that there is not a shortage, may serve individuals in surrounding counties that do have shortages. An HPSA shortage is defined as having a low-income population to dentist ratio of 4,000 to one or higher, meaning there is one or fewer dentists per 4,000 individuals. The data indicated that an additional 199 dentists would be needed to eliminate the shortage.

3. Shortages persist across other healthcare fields as well. A series of surveys of licensed dental hygienists conducted by the American Dental Association's Health Policy Institute between September, 2020, and August, 2021, found some dental hygienists left the workforce during the COVID-19 pandemic. As of August, 2021, 4.9% of respondents were not currently employed as a dental hygienist. Of these, 74.1% said the reason for non-employment was voluntary. The study concluded there was a measurable degree of hesitancy among U.S. dental hygienists to return to work despite improvements in workplace safety and COVID-19 vaccine availability.

4. Assembly Bill 43/Senate Bill 70 would provide \$500,000 GPR annually in a new, continuing appropriation, for the Health Care Provider Loan Assistance (HCPLA) program. The bill would expand the eligible recipients of HCPLA awards to include medical assistants, dental assistants, and dental auxiliaries [and dental therapists]. The bill would define "medical assistant" as an individual who has received a medical assistant technical diploma from a Wisconsin Technical College System institution or who has successfully completed the national certification examination for medical assistants; define "dental assistant" as an individual who holds a certified dental assistant credential issued by a national credentialing organization; define "dental auxiliary" as an expanded function dental auxiliary holding a certification under section 447.04(3) of the statutes. [The bill would have also defined "dental therapist" as an individual licensed under section 447.04(1m) of the statutes as created by the bill. This item was removed from further budget consideration by Committee motion #10]. In addition, the bill would specify that loans to medical assistants may not exceed \$12,500. Further the bill would specify that repayment for medical assistants may be repaid by the Board of Regents at the following rate: (1) 40% of the principal up to \$5,000 in each of the first and second years of participation; and (2) 20% of the principal up to \$2,500 in the third year.

5. Dental professions differ by educational credentials required and scope of practice. Generally, dentists require a bachelor's degree and four years of dental school to receive a Doctor of Dental Surgery, and are licensed by the state to practice dentistry. Dentists' scope of practice typically includes comprehensive diagnosis and treatment planning, fillings, root canals, bridges, and surgical extractions. Dentists are also responsible for supervising other dental healthcare professionals. A dental hygienist typically involves two years of education. Eight of the Wisconsin Technical College System institutions offer dental hygienist programs. Dental hygienists engage in oral health assessment, teeth cleaning and polishing, cleaning below the gums, oral health education, and prevention and are licensed to practice dental hygiene by the state. A dental assistant educational program may include post-secondary training of nine to 11 months or a high school diploma and onsite job training. Seven WTCS institutions currently offer dental assistant programs which generally take one year to complete. Dental assistant work includes activities such as taking and developing x-rays, providing chairside assistance to dentists, taking teeth impressions, and providing patient aftercare instructions. To receive certification as an expanded function dental auxiliary, current law requires an applicant to have successfully completed an accredited instructional program that provides training in practice as an auxiliary, including completing at least 1,000 hours practicing as a dental assistant and holding a certified dental assistant credential issued by the Dental Assisting National Board, Inc., or its successor; or completing at least 2,000 hours practicing as a dental assistant, as verified by the supervising licensed dentist; and to have completed no fewer than 70 hours of classroom instruction. According to WTCS, the average annual tuition under the dental assistant program is approximately \$4,400. The number of dental assistants completing the WTCS program declined from 550 in 2018 to 351 in 2022, averaging 469 over that time period.

6. Under the bill, medical assistants, defined as individuals who have received a medical assistant technical diploma from a Wisconsin Technical College System institution or who have successfully completed the national certification examination for medical assistants, would also be eligible for loan forgiveness under the HCPLA program. The WTCS program is accredited by the American Medical Association's Commission on Accreditation of Allied Health Education Programs. According to WTCS, the program is designed to acquaint students with the duties of a physician's office employee, including general office procedures, exam room assisting, and elementary medical laboratory techniques. Current law does not expressly state what medical assistants are allowed to do, but generally medical assistants are allowed to perform tasks delegated to them, as long as those tasks do not require professional medical judgment, and they may not perform tasks that require a license, such as writing a prescription. Medical assistant programs are currently offered at all 16 WTCS institutions. The average annual tuition is approximately \$4,400 and the program typically takes one year to complete. The number of medical assistants completing the WTCS program declined from 287 in 2018 to 240 in 2022, averaging 254 over that time period.

7. According to the 2021-22 HCPLA program report, in 2021-22, 106 awards were provided to 100 health care providers including 27 new awards to 14 physicians, six nurse practitioners, three physician assistants, three dentists, and one dental hygienist. The report notes that prior to the COVID-19 pandemic the program received approximately 75 applications each year, but only received 47 applications in 2021-22. According to the report, this may be due to general uncertainty in the health care industry due to the pandemic which may have caused some providers to avoid long-term commitments like the HCPLA's three-year service obligation or perhaps available

pandemic relief funding provided other loan assistance which decreased demand for the HCPLA program. According to the Office of Rural Health, the number of applications received in 2022-23 was also 47. Given recent demand for the program has decreased and anticipated demand for the expanded program is uncertain, the Committee could consider providing a lower annual amount for the 2023-25 biennium. [Alternative 2]

ALTERNATIVES

1. Provide \$500,000 GPR annually in a new, continuing appropriation, for the Health Care Provider Loan Assistance (HCPLA) program. Expand the eligible recipients of HCPLA awards to include medical assistants, dental assistants, and dental auxiliaries. Define "medical assistant" as an individual who has received a medical assistant technical diploma from a Wisconsin Technical College System institution or who has successfully completed the national certification examination for medical assistants; define "dental assistant" as an individual who holds a certified dental assistant credential issued by a national credentialing organization; define "dental auxiliary" as an expanded function dental auxiliary holding a certification under section 447.04(3) of the statutes. In addition, specify that loans to medical assistants may not exceed \$12,500. Further, specify that repayment for medical assistants may be repaid by the Board of Regents at the following rate: (1) 40% of the principal up to \$5,000 in each of the first and second years of participation; and (2) 20% of the principal up to \$2,500 in the third year.

ALT 1	Change to Base
GPR	\$1,000,000

2. Adopt Alternative 1, except provide \$250,000 GPR in a new, continuing appropriation, for the HCPLA program.

ALT 2	Change to Base
GPR	\$500,000

3. Take no action.

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June 8, 2023

Joint Committee on Finance

Paper #812

Missing in Action Recovery and Identification Project (UW System)

[LFB 2023-25 Budget Summary: Page 667, #9]

CURRENT LAW

The UW MIA recovery and identification project (the MIA project) consists of a multidisciplinary team of researchers, students, veterans, alumni, and volunteers working on furthering the recovery and identification of missing-in-action American service members. Founded in 2015 at the UW-Madison Biotechnology Center, the project utilizes a team of UW-System faculty, staff, and student volunteers across multiple academic disciplines including archeology, forensic anthropology, history, business management, and biology (genetic analysis) to perform site surveys and assist in the discovery, careful exhumation, identification, and repatriation of remains. Recoveries are currently funded through in-kind contributions from base resources, volunteer work, and moneys for specific missions from the Department of Defense.

DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide \$500,000 GPR annually in a new, continuing appropriation for the MIA project. Under the proposal, the Board of Regents would be required to provide funding from this appropriation for the MIA project to perform a mission for the recovery and identification of Wisconsin veterans who are missing in action. At the conclusion of the mission, the bill would require the MIA Recovery Project, through its representative, to submit a report on the mission's findings and an accounting of expenditures for the mission to the Governor, Joint Committee on Finance, Board of Regents, the standing committees of each house of the Legislature dealing with veterans matters, and the Departments of Veterans Affairs and Military Affairs.

2. The UW MIA project partners with the U.S. Department of Defense POW/MIA Accounting Agency (DPAA), the agency responsible for identifying and repatriating the remains of

U.S. service members. The UW MIA project was the first academic institution to partner with DPAA. With the UW MIA project as a model, the DPAA now partners with over 50 academic and non-profit institutions for MIA identifications.

3. According to the project, there are over 82,000 missing-in-action American service members currently unaccounted for as a result of conflicts since the Pearl Harbor attack on December 7, 1941, including over 1,500 Wisconsin service members. The DPAA assigns missing-in-action recovery cases and provides informational and logistical support to aid in recovery efforts. During the academic year, the UW MIA project team conducts research about missing service members, uses mapping sites to identify possible locations, and contacts and interviews potential witnesses in order to find a site where the remains of an MIA service member may be located. The UW MIA project then sends a field investigative team to the sites to confirm their findings. Once confirmed, planning for the UW MIA project recovery can proceed. Concurrently, the UW MIA project is assigned a recovery mission by the DPAA during the summer field season. These recovery teams typically consist of one U.S. veteran and 10 to 20 instructors and students, with students generally making up more than half of the team. Multiple UW-System campuses have been involved in field missions including UW-Madison, UW-Milwaukee, UW-Milwaukee at Waukesha, UW-Oshkosh, and UW-Oshkosh Fox Cities. Artifacts and human remains at search sites are turned over by the UW team to the federal police within that nation to have the remains transported to UW-Madison or DPAA for forensic analysis and DNA testing. UW MIA project communicates with DPAA throughout the process and the honors and burial are performed and supported by DPAA.

4. Past field efforts have focused on the European theater of World War II. For example, in the summers of 2016 and 2017, the team led the successful recovery of First Lieutenant Frank Fazekas, a P-47 Thunderbolt fighter pilot who was shot down and killed in action on May 22nd, 1944, in France. First Lt. Fazekas was later buried with full honors in Arlington National Cemetery. In summer 2018, the team successfully recovered the remains of Second Lieutenant Walter B. Stone, a P-47 Thunderbolt fighter pilot who was shot down and killed in action on October 22nd, 1943, in France. Second Lt. Stone was buried in his hometown of Andalusia, Alabama, next to his family. In summer 2019, the team executed a recovery mission of a WWII American service member in Northern Europe, with efforts currently ongoing in 2022 and 2023. The team scouted their first Wisconsin-investigated case in Poland in fall, 2022.

5. Alternatively, 2023 Assembly Bill 26 (and a companion bill Senate Bill 8) would provide \$180,000 GPR in 2023-24 and \$180,000 GPR in 2024-25 in the Joint Committee on Finance (JFC) supplemental appropriation for release upon request and approval by the Committee for the MIA project. The bill would specify that the MIA project, acting through a designated representative, may submit a request to JFC for release of the funds for the MIA project to perform a mission for the recovery and identification of Wisconsin veterans who are missing in action under a 14-day passive review. AB 26 was introduced on February 10, 2023, and referred to the Committee on Veterans and Military Affairs. A public hearing on the bill was held on March 23, 2023, and the bill was recommended for passage by a vote of 13-0 on April 19, 2023. SB 8 was introduced on January 27 and referred to the Committee on Labor, Regulatory Reform, Veterans and Military Affairs.

6. AB 26/SB 8 would require that the request include a research prospectus and spending

plan for the mission for which the funding is requested. A copy of the request, the prospectus, and the spending plan would be required to be concurrently provided to the appropriate Legislative standing committees of each house dealing with veterans matters, the Governor, the Department of Veterans Affairs, and the Department of Military Affairs. The bill would also specify that within seven days of receiving the request, the standing committees may submit a written recommendation to JFC regarding the request. If, within 14 working days after receiving the request, the cochairpersons of JFC do not notify the MIA project representative that the Committee has scheduled a meeting for the purpose of reviewing the request, the request is considered approved. The bill would also specify that if the JFC cochairpersons notify the MIA project representative that a meeting has been scheduled, the request is approved only upon express approval of the Committee.

7. Under AB 26/SB 8, if the request is approved by JFC, the MIA project, acting through its representative, is required to submit a report by June 30, 2025, on the mission's findings and an accounting of all of the following: (a) a detailed budget breakdown showing how all funding provided was spent; (b) a statement of the number of cases identified; (c) a description of all cases during the time frame funds were received including current progress and future planned actions such as letters to the family or missions abroad; (d) a calculation of the cost to continue with additional missions, identifying the data and methodology used to make the calculation; (e) identification of the amount and source of all funds raised for the cases that were in addition to the funding provided; (f) a detailed description of the involvement of the federal Department of Defense (DOD) in the mission, along with information identifying all other missions or cases on which the MIA project has worked with the federal DOD in the past and all missions or cases on which the MIA project expects to work with the DOD in fiscal years 2025-26 and 2026-27, including what arrangements the MIA project has made with the DOD to continue with future missions; and (g) a detailed description of the role UW System students played in the mission or in connection with the mission, including how students were utilized to accomplish the objectives of the mission, whether involved students were paid or received academic credit or neither, and whether the MIA project provided any classroom instruction or coursework to involved students. The bill would be effective on the day after publication, or on the second day after the publication of the 2023 biennial budget act, whichever is later.

8. In his 2021-23 biennial budget bill, the Governor proposed \$360,000 of funding for the biennium for the project, the same amount that would be provided under 2023 AB 26/SB 8 (\$180,000 each year of the biennium). If \$360,000 of funding would be provided, the project would focus on expanding efforts investigating and recovering missing Wisconsin service members, in addition to continuing their DPAA assigned work. This funding would cover the following: (a) recovery costs including a scientific recovery expert salary and fringe benefits, emergency medical coverage, scouting analysis, recovery logistics, metal detection, field supplies and landowner compensation; (b) research costs including genealogist/archival expert salary and fringe benefits, historical research supplies, and travel and lodging costs; (c) project logistics including the project assistant salary and fringe costs, student stipends, supplies, and travel and lodging costs; and (d) biological costs associated with testing recovered materials. The team leader notes that none of these funds support their salary as they are committed to utilizing all of the funds for direct project activities rather than administration. (Their primary position is as the associate director of the UW Biotechnology Center.)

9. If \$500,000 in annual funding is provided rather than \$180,000, the MIA project team

leader indicates the project could support one additional annual mission, additional scouting work, and provide additional student stipends and more thorough archival research. In addition to the mission in Poland, the project could add a mission in French Guinea. Having consistent annual funding would also allow them to be more aggressive with their historical investigations. For example, project members could travel to archives for lengthy periods of time to extract as much documentation as possible. Documents from the archives can cost up to a few thousand dollars per year and could cost up to \$10,000 if they were to expand the breadth of their investigations. In future years, missions could potentially be conducted in North Africa, Papua New Guinea, and South America.

ALTERNATIVES

1. Amount of Funding

- a. Provide \$500,000 in 2023-24 and 2024-25 for the MIA Recovery and Identification Project.

ALT 1a	Change to Base
GPR	\$1,000,000

- b. Provide \$360,000 in 2023-24 and 2024-25 for the MIA Recovery and Identification Project.

ALT 1b	Change to Base
GPR	\$720,000

- c. Provide \$180,000 in 2023-24 and 2024-25 for the MIA Recovery and Identification Project.

ALT 1c	Change to Base
GPR	\$360,000

2. Manner of Providing Funding

- a. Provide funding in a new, continuing appropriation.
- b. Provide funding in the Committee's supplemental appropriation for release under a 14-day passive review process as specified in 2023 AB 26/SB 8.
- c. Provide funding in the Committee's supplemental appropriation for release upon a majority vote of the Committee.

3. Ongoing or One-Time

- a. Specify that funding would be one-time.
- b. Specify that funding would be ongoing.

4. Reporting Requirement

a. At the conclusion of the mission, require the MIA Recovery Project, through its representative, to submit a report on the mission's findings and an accounting of expenditures of the mission to the Governor, Joint Committee on Finance, Board of Regents, the standing committees of each house of the Legislature dealing with veterans matters, and the Departments of Veterans Affairs and Military Affairs.

b. Require a report to be submitted by June 30, 2025, as under 2023 AB 26/SB 8, with information on the following: (a) a detailed budget breakdown; (b) a statement of the number of cases identified; (c) information about all cases during the time frame funds were received; (d) a calculation of the cost to continue with additional missions; (e) identification of the amounts and sources of funds; (f) a description of the involvement of DOD; (g) a detailed description of the role UW System students played in the mission.

- c. Do not include a reporting requirement.

5. Take no action.

Prepared by: Erin Probst



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June 8, 2023

Joint Committee on Finance

Paper #813

UW-River Falls Farm and Industry Short Course (UW System)

[LFB 2023-25 Budget Summary: Page 667, #11]

CURRENT LAW

The UW-Madison Farm and Industry Short Course (FISC) program has offered short courses for new and beginning farmers, current farmers and landowners, and agricultural professionals since 1885. The program typically includes a 16-week residential experience on-campus for credit to obtain training in dairy operations and dairy farm management.

DISCUSSION POINTS

1. Beginning in Fall, 2023, the traditional 16-week on-campus, credit-bearing FISC program will be offered at UW-River Falls, rather than UW-Madison. Course programming will include courses in dairy cattle management, agronomy, farm business practices, and applied agricultural engineering. Students can participate in the program for one or two years; the first year of the program focuses on fundamental aspects of dairy farm operations, while the second year focuses on herd management and managing operations of the entire farm. Students will live in UW-River Falls residence halls, take courses taught by UW-River Falls faculty, and earn college credits. Upon completion of year one programming, students will receive a certificate of completion from UW-River Falls for "Dairy Operations - Fundamentals." Completion of year two programming would earn a second certificate "Dairy Farm Management." UW-Madison will continue to offer research-based applied education through a variety of short courses in flexible formats for FISC alumni, industry professionals, individuals interested in farming and ranching, and others.

2. Assembly Bill 43/Senate Bill 70 would provide \$402,300 GPR in 2023-24 and \$297,700 GPR in 2024-25 in one-time funds in a new, biennial appropriation, for general operations of the FISC program at UW-River Falls. According to UW System, students comprising the inaugural class will receive a 50% discount on tuition and a 50% discount on room and board. The tuition discount is

being offered as a tool to market the first FISC in the UW-River Falls location in the first year. The first cohort of students is expected to be 24 students, and the tuition discount will be offered for the first year of the program only. The room and board discount will include a 50% discount in both the first and second year. UW System indicates they anticipate only 12 of the students from the first year would be likely to return for the second year of the program.

3. According to UW System and DOA, approximately half of the proposed funds would be utilized for student stipends for tuition and room and board, and the remainder would be utilized for instructional and program costs as shown in the following table. During the winter interim term, programming is expected to include a collaboration with UW-Platteville and UW-Madison to expose participants to unique offerings at each of these campuses. For example, at UW-Platteville, FISC students would learn about large scale robotic milking systems.

UW-River Falls Farm and Industry Short Course Funding

Tuition discount	\$104,500
Room and board discount	225,000
Instructional and program costs	290,500
Interim term programming	<u>80,000</u>
Total	\$700,000

4. If funding is not provided, UW System indicates UW-River Falls is committed to covering the program costs, including the discounted tuition and room and board rates and would divert resources from other programs in order to cover these costs. UW System notes that the program is a revenue-generating program, and that once the tuition and room and board discounts are discontinued, the program would be self-sufficient. As UW System indicates these one-time funds would no longer be needed beyond the 2023-25 biennium, the Committee could consider providing the \$700,000 in one-time funds in the UW System block grant appropriation and directing the Board of Regents to utilize them for the UW-River Falls Farm and Industry Short Course program. [Alternative 2] The Committee could also consider providing \$370,500 in funding for the instructional costs and interim programming, as UW-River Falls has indicated that it will provide discounted tuition and room and board even without the funding provided in the bill. [Alternative 3]

ALTERNATIVES

1. Provide \$402,300 in 2023-24 and \$297,700 in 2024-25 in one-time funds in a new, biennial appropriation, for general operations of the FISC program at UW-River Falls.

ALT 1	Change to Base
GPR	\$700,000

2. Provide \$402,300 in 2023-24 and \$297,700 in 2024-25 in appropriation 20.285(1)(a) (UW's block grant appropriation) and require the Board of Regents to provide funding from this appropriation to UW-River Falls for general operations of the FISC program.

ALT 2	Change to Base
GPR	\$700,000

3. Provide \$370,500 annually in appropriation 20.285(1)(a) and require the Board of Regents to provide funding from this appropriation to UW-River Falls for general operations of the FISC program.

ALT 3	Change to Base
GPR	\$741,000

4. Take no action.

Prepared by: Erin Probst



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June 8, 2023

Joint Committee on Finance

Paper #814

UW Stevens Point Institute for Sustainable Technology (UW System)

[LFB 2023-25 Budget Summary: Page 668, #13]

CURRENT LAW

The Wisconsin Institute for Sustainable Technology (WIST) at UW Stevens Point provides research, laboratory services, and education to help businesses and other organizations to meet their natural resources sustainability goals. According to their mission, WIST "will be a nationally recognized, self-supporting institute leading collaborative research, education, and services that introduce and facilitate development and adoption of sustainable technologies and practices which contribute to an improved quality of life for present and future generations." For example, activities include identifying and developing bio-based platform chemicals for the fuel and polymer industries as well as new opportunities for waste and residual co-products.

DISCUSSION POINTS

1. According to a 2019 study conducted by WIST and funded by the Wisconsin Economic Development Corporation (WEDC) entitled "An Assessment of the Economic Contribution of Pulp, Paper, and Converting to the State of Wisconsin," Wisconsin's pulp, paper and converting industries generated \$18.16 billion in economic output and employed 30,262 workers in 2018. Further, the research found that total economic contributions from the industries, through direct, indirect, and induced effect, is estimated at approximately \$28.9 million in economic output and 95,900 jobs. The study also noted that the paper industry is the fifth-largest manufacturing sector in Wisconsin, and that Wisconsin leads the nation in value of products sold, number of employees, and number of paper mills.

2. However, demand for paper declined during the early 2000s as many print resources moved to electronic formats, and more recently the industry experienced a decline when the COVID-19 pandemic impacted the demand for printing and writing paper. The pandemic also shifted supply

and demand among paper sectors. Some paper mills closed, while others pivoted to products experiencing increased or steady demand, such as specialty papers for food packaging and hygiene and corrugated cardboard. For example, containerboard production and old corrugated container consumption reached record levels in 2021, according to the American Forest and Paper Association (AFPA), driven by a surge in online commerce. Interest in sustainability is also driving changes in the paper industry, as demand for recyclable packaging and products made from recycled materials has increased. In 2021, AFPA found that 94% of Americans have access to community paper and paperboard recycling programs and 79% have access to residential-curbside programs.

3. WIST provides research, laboratory services, and education to business and industry, including the paper industry. For example, WIST provides physical and analytical tests for the paper industry, including recyclability and repulpability testing and certification and compostability testing. How2Recycle, a membership group that provides standardized labeling to help consumers correctly recycle materials, has approved WIST as a provider of repulpability and recyclability testing for certain unbleached coated packaging materials such as carton board and corrugated board. WIST also offers papermaking courses in collaboration with the Technical Association of the Pulp and Paper Industry (TAPPI), and operates a pilot paper machine that is used to provide hands-on experience and allows for experimentation with different fibers and other inputs.

4. WIST was initially provided \$1.4 million in federal funding under the 2009 American Recovery and Reinvestment Act (ARRA). In addition, 2009 Act 28, the 2009-11 biennial budget act, provided funding from the recycling and renewable energy fund for the Wisconsin Bioenergy Initiative, including \$440,000 SEG annually to UW-Stevens Point for WIST. Funding was provided for the director of WIST, a faculty or academic staff position to support WIST and the College of Natural Resources, a faculty position in the paper sciences department, as well as one other faculty position for the Wisconsin K-12 Energy Education Program. According to WIST's director, WIST received \$440,000 SEG in fiscal year 2009-10, and \$220,000 SEG annually from fiscal years 2010-11 through 2014-15. 2015 Act 55 eliminated funding for the Wisconsin Bioenergy Initiative and WIST received no funding in fiscal years 2015-16 and 2016-17. 2017 Act 59, the 2017-19 biennial budget act, would have provided \$440,000 SEG in annual funding from the environmental fund rather than the recycling fund for WIST. However, the Governor vetoed the second year of funding so that \$440,000 SEG in one-time funds were provided for fiscal year 2017-18 only. WIST's director indicates they have not received any state funding since fiscal year 2017-18.

5. According to the WIST director, they are currently the only WIST staff member, and are appointed at 0.50 FTE due to lack of consistent funding. However, the Governor has allocated \$4 million in ARPA funds to WIST to support staff and operations from January 1, 2023 through December 31, 2026. In addition, Assembly Bill 43/Senate Bill 70 would provide \$250,000 annually in appropriation 20.285(1)(a) (UW's block grant appropriation) and require the Board of Regents to provide funding from this appropriation to WIST to broaden the Institute's support for, and further technical contributions to, the state's forest and paper industries and for the Institute's ongoing operations. [Alternative 1]. DOA staff indicate the additional funding provided in the proposal would provide an additional boost for the forest products industry and provide stable funding going into the 2025-27 biennium. However, given the ARPA funding has not been allocated to WIST yet and is expected to continue through December, 2026, it could be argued no additional funding is necessary at this time. [Alternative 3]

6. The Governor's 2021-23 budget request would have provided \$365,000 annually from the environmental fund to support WIST in an appropriation under the UW System. Base level funding in this appropriation is currently set at \$0. Under current law, including standard budget adjustments and Committee action to date, the environmental management account of the environmental fund is expected to have an available closing balance of \$28.8 million on June 30, 2025. As funding for WIST has been provided from the environmental fund in the past, this could be an appropriate alternate source of funding for the program. Providing funding in this appropriation would provide base level funding for the Institute going into the 2025-27 biennium. [Alternative 2]

ALTERNATIVES

1. Provide \$250,000 annually in appropriation 20.285(1)(a) (UW's block grant appropriation) and require the Board of Regents to provide funding from this appropriation to the Wisconsin Institute for Sustainable Technology to broaden the Institute's support for, and further technical contributions to, the state's forest and paper industries and for the Institute's ongoing operations.

ALT 1	Change to Base
GPR	\$500,000

2. Provide \$250,000 annually from the environmental fund in appropriation 20.285(1)(sp) to support the Wisconsin Institute for Sustainable Technology at the University of Wisconsin-Stevens Point.

ALT 2	Change to Base
SEG	\$500,000

3. Take no action.

Prepared by: Erin Probst



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June 8, 2023

Joint Committee on Finance

Paper #815

Freshwater Collaborative Positions (UW System)

[LFB 2023-25 Budget Summary: Page 668, #16]

CURRENT LAW

The Freshwater Collaborative is a partnership between the 13 UW System public universities, connecting students and faculty with industry partners, local communities, policymakers, non-profit organizations, and advocacy groups. The Collaborative's mission is to: (1) contribute to Wisconsin's reputation as a world leader in freshwater science, technology, entrepreneurship, and economic growth; (2) provide support to meet the need for a knowledgeable and skilled water workforce through explicit structuring of curriculum, training, and workplace experience; and (3) establish a global water resource to identify and manage problems through collaborative research across the natural science, engineering, social science, economics, and policy arenas. A primary focus of the Collaborative is fostering collaborative research and initiatives across the 13 campuses, private sector, and state institutions. Examples of the Collaborative's activities include providing scholarships and student support, developing new watercentric training programs for undergraduates, and recruiting new faculty and staff.

DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide 22.50 GPR positions beginning in fiscal year 2023-24 to support the work of the Freshwater Collaborative.

2. Under section 16.505(2p)(a) of the statutes, the Board of Regents or the Chancellor of the University of Wisconsin-Madison may create or abolish a full-time equivalent academic staff or faculty position or portion thereof from revenues appropriated under section 20.285(1)(a), the main general program operation appropriation for UW System. The statutes require the Board of Regents or Chancellor and Department of Administration (DOA) to enter into a memorandum of understanding that establishes a methodology for identifying and accounting for the cost of funding any positions that are created, and UW System is required to annually submit a report to

JFC and DOA regarding the number of FTE positions created or abolished by the Board or the Chancellor during the preceding fiscal year. The Secretary of DOA and the President of the UW System signed such a MOU on November 29 and 30, 2001.

3. On October 2, 2022, UW System submitted their annual position report which noted that total GPR positions increased by 25 positions in appropriation 20.285(1)(ar) for the Freshwater Collaborative.

CONCLUSION

Given UW's statutory authority to create or abolish full-time equivalent academic staff or faculty positions, and the fact that the UW System has already created these positions, no legislative action is required.

Prepared by: Erin Probst

UNIVERSITY OF WISCONSIN SYSTEM

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
15	Remove Vacant Positions
25	Reestimate Tuition Revenues

