



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #952

### Information Technology and Biotechnology Courses (UW System)

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

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#### CURRENT LAW

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

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

#### GOVERNOR

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

#### DISCUSSION POINTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**ALTERNATIVES TO THE BILL**

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

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

<b>Alternative 2</b>	<b>GPR</b>
<b>2002-03 POSITIONS</b> (Change to Bill)	54.00

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

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

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

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

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

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

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

6. Delete the Governor’s recommendation.

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

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