



Legislative Fiscal Bureau

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June 1, 2001

Joint Committee on Finance

Paper #958

La Crosse Health Science Center Operating Costs (UW System)

CURRENT LAW

Under 1999 Act 9, \$220,700 GPR and \$118,800 PR in 1999-00 and \$441,300 GPR and \$237,600 PR in 2001-02 were provided to the UW System to pay for UW-La Crosse's share of the operating and maintenance costs associated with the La Crosse Health Science Center. This funding was provided on a one-time basis for the 1999-01 biennium only.

GOVERNOR

No provision.

DISCUSSION POINTS

1. DOA staff has indicated that \$441,300 GPR and \$237,600 PR of annual funding should have been eliminated as a noncontinuing item under standard budget adjustments. This would be consistent with the 2001-03 Budget Instructions used by all state agencies in the 2001-03 budget process. However, this was not done. Therefore, annual funding of \$678,900 (\$441,300 GPR and \$237,600 PR) is contained within the University's budget for 2001-03 under SB 55.

2. The La Crosse Medical Health Science Consortium was formed in 1993 to enhance and strengthen primary care and medical health science education and research through collaborative programming and the use of shared resources and expertise. The Consortium consists of UW-La Crosse, Western Wisconsin Technical College (Western), Viterbo College, Gundersen Lutheran and Franciscan Skemp Healthcare/Mayo Health System. The Consortium was established to address health care provider shortages and other issues in 22 counties in a tri-state area that

includes southwestern Wisconsin, northeastern Iowa and southeastern Minnesota.

3. The facility provides space for education and training in health care fields for approximately 330 students. The UW-La Crosse programs that are housed in the Center include nuclear medicine technology, medical laboratory science, radiation therapy, occupational therapy, physical therapy and clinical microbiology. In addition, students enrolled in other health-related programs at UW-La Crosse receive some of their classroom and clinical training at the Center.

4. As the lead member of the Consortium, UW-La Crosse occupies approximately 70% of the Center. UW-La Crosse is charged back by the Consortium for its use of the space in the building, and for the associated costs of building maintenance, operations, and technology expense; its share of maintenance and operations costs is \$678,900 annually. The 1999-01 biennial budget provided funding to cover the estimated annual maintenance and operating costs, but the funding was scheduled to sunset on June 30, 2001.

5. As part of its original budget request, and as part of its economic stimulus proposal, the UW System sought a base budget adjustment of \$514,800 GPR and \$164,100 PR annually for UW-La Crosse to meet its share of annual expenses. The traditional 65% GPR/35% tuition split was not requested for the operating and maintenance costs because the University normally splits costs for physical plant with 75% GPR/25% PR. However, under 1999 Act 9, the funding for operations and maintenance for the facility were provided at the 65% GPR/35% PR ratio normally utilized for instruction funding.

6. The UW System requested state funding for the operating and maintenance costs of the Center, because without the funding, the campus would have to reallocate funds from other programs. In general, UW institutions are expected to pay for operating and maintenance costs associated with new buildings through base reallocations. However, since the facility is not a part of UW-La Crosse's campus, and facility maintenance staff are not UW employees, it cannot reallocate existing maintenance and operations staff as would normally be done to accommodate a new campus facility.

7. Currently, Western pays its portion of the operating costs, \$285,000, for the project out of its own resources. It could be argued that UW-La Crosse should fund operating and maintenance costs from its own resources as is required of its consortium partners, and as is generally practiced by the UW System campuses for new buildings.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation, which would maintain base funding of \$441,300 GPR and \$237,600 PR annually for the operating and maintenance costs associated with the La Crosse Health Science Center.

2. Delete \$441,300 GPR and \$237,600 PR annually from the UW System, to recognize that this funding was provided on a one-time basis in 1999 Act 9 for the operating and maintenance

costs associated with the La Crosse Health Science Center.

| <u>Alternative 2</u> | <u>GPR</u> | <u>PR</u> | <u>TOTAL</u> |
|---|-------------------|------------------|---------------------|
| 2001-03 FUNDING (Change to Bill) | - \$882,600 | - \$475,200 | - \$1,357,800 |

3. Provide an additional \$73,500 GPR annually and delete \$73,500 PR annually for the operating and maintenance costs associated with the La Crosse Health Science Center to adjust funding to be consistent with the UW System agency request.

| <u>Alternative 3</u> | <u>GPR</u> | <u>PR</u> | <u>TOTAL</u> |
|---|-------------------|------------------|---------------------|
| 2001-03 FUNDING (Change to Bill) | \$147,000 | - \$147,000 | \$0 |

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