



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 18, 2005

Joint Committee on Finance

Paper #780

Alzheimer Disease Research (UW System)

[LFB 2005-07 Budget Summary: Page 500, #9]

CURRENT LAW

In 2004-05, the adjusted base budget for the UW System totals approximately \$3,822.0 million, of which \$976.6 million or 25.6% is funded from state, general purpose revenues. Approximately 75% 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 \$1.5 billion pool of funds that it may use to run its operations.

GOVERNOR

Provide \$1,500,000 GPR annually to support UW System Alzheimer's research.

DISCUSSION POINTS

1. In 2004-05, the University of Wisconsin System budgeted \$795.4 million for research activities and programs with \$73.5 million GPR, \$434.8 million FED, and \$287.1 million PR primarily from gifts and grants and other program revenue. UW-Madison accounts for approximately 92% of the UW System's research activities and budget. According to UW System staff, the GPR-support for research at UW-Madison primarily funds support services and overhead expenditures, while institutional funding at UW-Milwaukee and comprehensive campuses supports specific projects.

2. UW System research includes all activities conducted under terms of a research contract or project funded by external agencies or from an institution's operating budget. Funding

allocated to research activities includes data processing costs and administrative expenditures supporting those activities. UW System research includes expenditures for individual and project research, as well as those of institutes and research centers.

3. According to the Governor's office, the \$1,500,000 annual funding would be utilized to fund the following:

Prevention Research. Provide additional funds for the Wisconsin Alzheimer's Institute for genetic, epidemiologic, and clinical studies to delay or prevent the onset of Alzheimer's. The additional funds would help the institute expand their research on persons diagnosed with Alzheimer's from 42 Wisconsin counties to all 72 counties.

New Treatment. Provide additional funds to support the work in the UW-Madison School of Pharmacy on proteins that have shown promise in halting the progression of Alzheimer's.

Neuropathological Research. Funding would also help establish a brain and tissue bank to conduct brain research to help identify the causes of Alzheimer's.

The funding would be allocated to UW-Madison with \$500,000 for each of the three areas of Alzheimer's research that would be supported by the Governor's initiative.

4. Currently, UW-Madison receives approximately \$8.0 million for Alzheimer's related research projects from federal and private gift and grant sources. UW-Madison would utilize the funding provided under AB 100 to compete for the designation of a National Institute for Health (NIH) supported Alzheimer's center, which could attract additional federal and other outside grants for Alzheimer's research at UW-Madison. It is estimated that current federal funding nationally for Alzheimer's is \$700 million annually.

5. The Board of Regents did not request funding for Alzheimer's research in its agency budget request. One could view the additional funding for \$1.5 million annually for Alzheimer's research within the context of other University needs given recent and planned budget reductions and the current federal and private funding support for Alzheimer's research at UW-Madison. In addition, one could question the process of allocating funding for certain types of research through the state's budget process as opposed to a competitive process reviewed by academic peers.

6. If the Board of Regents or UW-Madison determined that Alzheimer's research required additional investment, they could reallocate existing GPR-funded research spending to provide support for Alzheimer's research and attempt to attract the designation as a NIH-supported Alzheimer's center. However, considering that little of the existing base funding for research at UW-Madison is project based, it would be difficult for the UW System to reallocate GPR for a specific research project without affecting other activities.

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Delete the provision.

<u>Alternative 2</u>	<u>GPR</u>
2005-07 FUNDING (Change to Bill)	- \$3,000,000

Prepared by: John Stott