

New Initiatives - see page 1

Statutory Language -Summary - see page 2

Governor's Initiatives - see page 3

Cost-to-Continue -- page 3

Other Items of Interest - page 4

Governor's Recommendation Vs.Regents' Request - page 5

The Biennial Budget Bulletin

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2005-07 Governor's UW System Budget Summary

Overview

The Board of Regents' biennial budget request proposed an increase of \$337.9 million (\$239.9 million GPR and \$97.9 million fees) for the 2005-07 biennium. Of this amount, \$182.4 million (\$126.4 million GPR and \$56.0 million fees) was for cost-to-continue. The remaining \$155.4 million (\$113.6 million GPR and \$41.8 million fees) was proposed for Access and Quality initiatives.

The Governor's budget provides a total of \$150.4 million (\$49.4 million GPR and \$100.9 million fees) for the UW System. GPR will increase by \$24 million in 2005-06 (an increase of 2.4 percent over the base) and an additional \$1.4 million in 2006-07 (a .14% increase). See attached tables for more detail.

The following UW System requests are not funded by the Governor:

Operations and Maintenance of New 2005-07 Facilities
Maintaining Services for Students with Disabilities
Removal of One Time Fees
Financial Aid Hold Harmless (1st and 2nd Quintiles)
Libraries
Instructional Technologies
Increases in Faculty and Academic Staff Salaries

UW System Request --New Initiatives

I. Maintaining Access and Affordability: Financial Aid

The UW System requested \$26.1 million GPR for a new financial aid program to provide grants to resident undergraduate students with incomes in the bottom two income quintiles (approximately \$46,000 and below) or an equivalent estimated family contribution, to cover dollar increases in tuition.

The Governor did not recommend funding for this new financial aid program.

II. Ensuring Student Success

The UW System requested \$118.7 million GPR/Fees to:

- Promote state and regional economic development through supported faculty research and public service programs;
- Reverse the erosion in student: faculty contact that has occurred over the last decade;
- Increase access to our institutions for adult students, low income students and students of color;
- Enhance the recruitment and retention of faculty by bringing salaries up to peer median.

The Governor recommended \$13.1 million GPR to increase the number of faculty positions at UW institutions. The Governor specifically recommended that \$1.1 million of this funding be used to begin implementation of the recommendations of the Committee on Baccalaureate Expansion (COBE) and that \$582,000 be used for the UW-Platteville/UWC-Rock County engineering initiative.

III. UW Libraries

The UW System requested \$6 million GPR/Fees for cooperative collection development, shared electronic collections, rapid sharing of physical resources, and digital collections.

The Governor did not recommend funding for this initiative.

IV. Expanding IT Capacity

The UW System requested \$4.6 million GPR/Fees to support additional costs of expanding the State of Wisconsin's Badger Net converged network to meet the University's instructional and research needs.

The Governor did not recommend funding for this initiative.

UW System Statutory Language Proposals
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The UW System requested the statutory changes listed below:

Capital budget program flexibilities: increase enumeration limit and exempt cash projects from enumeration.

Governor: Not included

Capital budget program flexibilities: bidding process.

Governor: Not included

Capital budget program flexibilities: Building Commission approval.

Governor: Not included

Capital budget program flexibilities: Governor's signature.

Governor: Not included

Capital budget program flexibilities: delegation of management and supervision.

Governor: Not included

Permit the UW System to use higher education purchasing consortia.

Governor: Not included

Assumption of cash management and investment responsibilities, management of cash balances for higher returns, and retention of interest on tuition balances.

Governor: Not included

Retention of proceeds from the sale of program revenue or gift buildings and land.

Governor: Not included

Broaden program revenue position creation authority.

Governor: Not included

Extend existing Board of Regents' authority to set resident undergraduate tuition and application fees.

Governor: Not included

Increase fees for specialty license plates and broaden the scholarship program to include UW Colleges.

Governor: Not included

Eliminate inactive appropriations.

Governor: Included

Eliminate tuition remission restrictions.

Governor: Included

Submit pay plan request directly to the Joint Committee on Employment Relations (JCOER).

Governor: Not included

Change the program revenue appropriations for laboratory modernization and Schools of Business to continuing appropriations.

Governor: Not included

Eliminate two reports prepared by the UW Medical School and the Medical College of Wisconsin.

Governor: Not included

Substitute UW-Madison Chancellor for UW System President on the State Laboratory of Hygiene Board.

Governor: Not included

Make technical changes to statutes relating to the Medical Student Transfer Program.

Governor: Not included

Correct statutory language relating to tuition exemptions for veterans.

Governor: Not included

Eliminate the statutory cap on Medical School enrollments.

Governor: Included

Governor's Initiatives

Budget Efficiency Measures. The Governor recommended reallocating \$65 million GPR within the UW System's base budget. \$30 million of this funding is to be generated within the base by restructuring procurement contracts (\$10 million) and improving asset management (\$20 million). The remaining \$35 million will be derived from administrative savings, \$15 million in year one, increasing to \$20 million in year two.

Administrative Staff Reductions. The Governor recommended the elimination of 200 administrative positions as part of the Budget Efficiency Measures, with 14.8 FTE identified to be eliminated specifically from procurement and purchasing functions. The Board of Regents must file a plan with the Secretary of the Department of Administration by May 30, 2006 detailing the elimination of these 200 positions. If the plan is not approved, the System's position creation authority would be suspended until a plan is approved.

Retaining High Demand Faculty. The Governor recommended providing \$5 million GPR over the biennium (\$2.5 million per year) to support supplemental salary increases to faculty whose services are in high demand by other higher educational institutions.

Alzheimer's Research. The Governor recommended providing \$3 million GPR (\$1.5 million annually) to provide state support for Alzheimer's disease research.

Domestic Partner Benefits. The Governor recommended providing \$1 million GPR (\$500,000 annually) to support the cost of extending domestic partner benefits to UW System faculty and staff. The benefit will also be extended to all state employees.

Study of Administrative Salaries. The Governor recommended that the Director of the Office of State Employment Relations conduct a study of state agency administrators' compensation, including specifically administrative executives and officers employed by the Board of Regents. The report would be presented to the Secretary of the Department of Administration by December 31, 2006.

Report on UW System Faculty Creation. The Governor recommended that the Board of Regents submit a plan to the Secretary of the Department of Administration by August 1, 2006, describing faculty positions created by the system for the period from July 1, 2004 to July 1, 2006.

Sale of Real Property. The Governor recommends that proceeds from any real property sold by the Board of Regents prior to July 1, 2007 be credited to general operations receipts, less debt service.

Debt Service Reestimate.

The Governor recommended adjusting the UW System's base budget to reflect a reestimate of debt service on authorized bonds. He has recommended \$7.5 million GPR and \$5 million PR-S in FY 06 and \$3.5 million GPR and \$14.3 million PR-S in FY 07.

Reimbursement of the Special Counsel

Appropriation. The Governor recommended requiring the UW System to lapse from three system appropriations the amount of money equal to the amount spent from a Department of Justice appropriation for legal services related to public broadcasting activities.

Nonresident Tuition Remissions. The Governor recommended requiring the UW System to provide a nonresident tuition remission for a person who is a citizen of another country, if that person meets all of the following requirements: (a) graduated from a Wisconsin high school or received a high school graduation equivalency; (b) has been present continuously in Wisconsin for at least three years following the first day of attending high school in the state; and (c) provides the UW System institution with an affidavit that he/she will file an application for permanent residency at the earliest eligible date.

Cost-to-Continue

The UW System requested \$182.4 million GPR/Fees for cost-to-continue items, including \$11.1 million GPR for the Lawton and AOP financial aid programs and \$83.7 million GPR/Fees for fuel and utilities. The financial aid funding was requested to replace auxiliary reserve funds used in the 2003-05 biennium and to fund the statutory link between financial aid and tuition increases.

The Governor recommended \$10.6 million dollars in funding for the Lawton Minority Retention grant program and the Advanced Opportunity grant program. Auxiliary enterprise funding used to fund both programs in the 2003-05 biennium is replaced.

The Governor recommended changing the funding requested by the Board of Regents for fuel and utilities to \$42.3 million in 2005-06 (\$26.7 million GPR and \$15.6 million PR-O) and \$48.5 million in 2006-07 (\$3.2 million GPR and \$45.3 million) to address prior year shortfalls, estimated commodity price increases, costs associated with new space, and operational and debt service cost for the new cogeneration plant. These amounts do not include the \$1.8 million which the Governor has included in his budgetary calculations for Co-generation plant revenues.

The Governor recommended increasing tuition expenditure authority to reflect changes related to: (a) adjusting tuition to the 2004-05 operating level (\$23.5 million in each year); and (b) additional tuition revenue generated by the student technology fee (\$2.6 million in FY 06 and \$4.2 million in FY 07).

Program Revenue Reestimate. The UW System requested increased expenditure authority of \$44.8 million in 2005-06 and \$80.7 million ongoing in 2006-07 to: (a) adjust the levels of gift funds based on historic growth rates; (b) increase auxiliary enterprises based on historic growth rates; (c) reclassify funding from auxiliaries to general program receipts; and (d) transfer funding from the cytogenetics laboratory at UW-Madison.

The Governor recommended funding the standard budget adjustments as requested.

Aquaculture Demonstration Facility.

The Governor recommended transferring \$680,200 PR-S (\$288,200 in FY 06 and \$392,000 in FY 07) from tribal gaming revenues to provide operating revenues for the aquaculture demonstration facility operated by UW-Superior.

Great Lakes Studies. The Governor recommended \$12,200 PR-S in each year of the biennium to increase the appropriation for the Great Lakes Fisheries study. This recommendation increases the amount to be transferred to the UW from the DNR to cover 60 percent of the 2004-05 operating costs of the program.

UW-Madison Intercollegiate Athletics Increases.

The UW System requested an increase in spending authority of \$15.7 million PR. These changes are based on a continuance of the division's strategic financial plan, previously reviewed and annually monitored by the University's Athletic Board.

The Governor recommended funding the request and adjusting the expenditure authority as follows: (a) general program operations (\$5.1 million in FY 06 and \$9.4 million in FY 07); (b) camps and clinics (\$110,000 in FY 06 and \$225,500 in FY 07); and (c) University Ridge Golf Course (\$325,000 in FY 06 and \$456,200 in FY 07).

UW System Affiliated Departments

Veterinary Diagnostic Laboratory Testing.

The Governor recommended expenditure authority to reflect receipt of additional federal funds related to testing for transmissible spongiform encephalopathy, chronic wasting disease and scapie.

State Laboratory of Hygiene.

The Governor's budget provided for the transfer of positions involved in occupational safety and health administration testing from the Departments of Health and Family Services and Commerce, along with tangible personal property, including records and contracts, to the state laboratory of hygiene.

Items of Interest in Other Agencies' Budgets

Department of Administration. The Department of Administration will direct and supervise the land information program. Agencies, including the UW System, will submit plans by March 31 of each year to integrate land information for easy retrieval by any state or local government unit, public utility, or individual.

HEAB. The maximum amount that may be awarded as a grant from WHEG has been raised from \$2,500 to \$3,000.

UNIVERSITY OF WISCONSIN SYSTEM 2005-07 BIENNIAL BUDGET

	Board of Regents Request								
				INCREASE	INCREASE	INCREASE			
	2005-06 GPR	2005-06 Fee	2005-06 Total	2006-07 GPR	2006-07 Fee	2006-07 Total	Biennial GPR	Biennial Fee	Biennial Total
I. Standard Budget Adjustments	\$57,636,000	\$24,822,500	\$82,458,500	\$11,087,600	\$6,433,400	\$17,521,000	\$126,359,600	\$56,078,400	\$182,438,000
a. Salaries and Fringe Benefits	26,218,900	10,760,300	36,979,200	0	0	0	52,437,800	21,520,600	73,958,400
b. 2005-07 Utilities Increases	24,665,700	11,042,800	35,708,500	8,330,800	3,982,300	12,313,100	57,662,200	26,067,900	83,730,100
c. Operation and Maintenance of 2005-07 New Facilities	776,100	418,000	1,194,100	1,465,600	789,100	2,254,700	3,017,800	1,625,100	4,642,900
d. Increases for Minority and Disadvantaged Financial Aid Programs	4,925,500	0	4,925,500	1,291,200	0	1,291,200	11,142,200	0	11,142,200
e. Maintaining Services for Students with Disabilities	1,049,800	0	1,049,800	0	0	0	2,099,600	0	2,099,600
f. Student Technology Fee	0	2,601,400	2,601,400	0	1,662,000	1,662,000	0	6,864,800	6,864,800
g. Removal of One-Time Fees	0	0	0	0	0	0	0	0	0
II. Access	\$8,200,000	\$0	\$8,200,000	\$9,700,000	\$0	\$9,700,000	\$26,100,000	\$0	\$26,100,000
a. Financial Aid (1st and 2nd Quintile)	8,200,000	0	8,200,000	9,700,000	0	9,700,000	26,100,000	0	26,100,000
III. Quality	\$25,186,100	\$11,845,600	\$37,031,700	\$37,119,300	\$18,164,100	\$55,283,400	\$87,491,500	\$41,855,300	\$129,346,800
a. Student Success for Economic Development	23,015,200	10,676,600	33,691,800	34,547,800	16,779,400	51,327,200	80,578,200	38,132,600	118,710,800
b. Libraries	1,300,000	700,000	2,000,000	1,300,000	700,000	2,000,000	3,900,000	2,100,000	6,000,000
c. Instructional Technologies	870,900	469,000	1,339,900	1,271,500	684,700	1,956,200	3,013,300	1,622,700	4,636,000
IV. Governor's Initiatives									
a. Star Faculty Initiative									
b. Alzheimer's Research									
c. Domestic Partner Benefits									
d. Debt Service Reestimate									
e. Budget Efficiency Measures									
TOTAL	\$91,022,100	\$36,668,100	\$127,690,200	\$57,906,900	\$24,597,500	\$82,504,400	\$239,951,100	\$97,933,700	\$337,884,800

UNIVERSITY OF WISCONSIN SYSTEM 2005-07 BIENNIAL BUDGET

	Governor's Recommendation								
	2005-06 GPR	2005-06 Fee	2005-06 Total	INCREASE 2006-07 GPR	INCREASE 2006-07 Fee	INCREASE 2006-07 Total	Biennial GPR	Biennial Fee	Biennial Total
I. Standard Budget Adjustments	\$51,990,400	\$34,801,600	\$86,792,000	-\$22,705,400	\$31,362,100	\$8,656,700	\$81,275,400	\$100,965,300	\$182,240,700
a. Salaries and Fringe Benefits	20,363,500	16,616,500	36,980,000	0	0	0	40,727,000	33,233,000	73,960,000
b. 2005-07 Utilities Increases	26,701,400	15,583,700	42,285,100	-23,467,200	29,700,000	6,232,800	29,935,600	60,867,400	90,803,000 *
c. Operation and Maintenance of 2005-07 New Facilities	0	0	0	0	0	0	0	0	0
d. Increases for Minority and Disadvantaged Financial Aid Programs	4,925,500	0	4,925,500	761,800	0	761,800	10,612,800	0	10,612,800
e. Maintaining Services for Students with Disabilities	0	0	0	0	0	0	0	0	0
f. Student Technology Fee	0	2,601,400	2,601,400	0	1,662,100	1,662,100	0	6,864,900	6,864,900
g. Removal of One-Time Fees	0	0	0	0	0	0	0	0	0
II. Access	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a. Financial Aid (1st and 2nd Quintile)	0	0	0	0	0	0	0	0	0
III. Quality	\$0	\$0	\$0	\$13,125,000	\$0	\$13,125,000	\$13,125,000	\$0	\$13,125,000
a. Student Success for Economic Development	0	0	0	13,125,000	0	13,125,000	13,125,000	0	13,125,000
b. Libraries	0	0	0	0	0	0	0	0	0
c. Instructional Technologies	0	0	0	0	0	0	0	0	0
IV. Governor's Initiatives	-27,982,700	0	-\$27,982,700	\$11,010,100	0	\$11,010,100	-\$44,955,300	\$0	-\$44,955,300
a. Star Faculty Initiative	2,500,000	0	2,500,000	0	0	0	5,000,000	0	5,000,000
b. Alzheimer's Research	1,500,000	0	1,500,000	0	0	0	3,000,000	0	3,000,000
c. Domestic Partner Benefits	500,000	0	500,000	0	0	0	1,000,000	0	1,000,000
d. Debt Service Reestimate	7,517,300	0	7,517,300	-3,989,900	0	-3,989,900	11,044,700	0	11,044,700
e. Budget Efficiency Measures	-40,000,000	0	-40,000,000	15,000,000	0	15,000,000	-65,000,000	0	-65,000,000
TOTAL	\$24,007,700	\$34,801,600	\$58,809,300	\$1,429,700	\$31,362,100	\$32,791,800	\$49,445,100	\$100,965,300	\$150,410,400 **

* Governor's Budget includes \$1,791,500 biennial for Fuel and Utilities from Co-Gen Revenue.

** Governor also includes \$211,200 GPR biennial for the State Lab of Hygiene.