



Budget & Planning

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To: Budget Officers

From: Luke Nelson
Budget & Policy Analyst

Subject: 2010-11 Auxiliary Operations Cost and Budget Building Factors

Included with this memo are the current cost factors to aid you in the 2010-11 auxiliary budget development process.

Auxiliary budgets should not automatically increase by applying cost factors to every budget category. Institutions should review budget to actual experience over the past several years and apply percentages that reflect those experiences, wherever possible. We continue to place emphasis on better aligning our budgets with actual expenditures, only budgeting positions anticipated to be filled in 2010-11, minimizing segregated fee increases whenever possible by taking into consideration reserve balances, and staying within the auxiliary rate increase threshold to the extent possible. This is of particular importance given that eight of the 13 four-year institutions had segregated fee increases over the 3.6% threshold in the 2009-10 Annual Budget, and six of the 14 reserve reporting institutions exceeded the 15% reporting threshold for student fee funded auxiliary reserves in our latest report to the Joint Committee on Finance.

[The threshold for 2010-11 auxiliary rate increases is estimated at 1.9%](#); please see #13 under cost factors for the threshold calculation. This will be updated in November.

A tentative Auxiliary Annual Budget Timeline will be sent out in November. Requests for auxiliary transfers from Fund 128 must be submitted by March 1st, 2010. The Auxiliary Budget instructions and spreadsheets will be available on the Budget Office website at <http://www.uwsa.edu/budplan/annualOpBudget.htm> in November also.

Please call me with any questions or comments about the cost factors at (608) 263-7482.

cc:

Vice President Deborah Durcan
Associate Vice President Glen Nelson
Associate Vice President Freda Harris
Director Renee Stephenson

**University of Wisconsin System
Auxiliary Operations
2010-11 Cost and Budget Building Factors**

1) Pay Plan Increase

There are no pay plan increases for 2010-11.

2) 2010-11 Lapses

The 2009-11 biennial budget removed funding for a 1% across the board reduction, a repeal of the 2% June 7, 2009 pay plan, and eight days of furloughs for all staff each year of the biennium. Below is a table that summarizes the amounts that auxiliary operations will need to lapse in 2010-11.

University of Wisconsin System				
2010-11 Auxiliary Operation Lapse Amounts				
Institution	1% ATB Reduction	2% Pay Plan Repeal	Furloughs	Totals
Madison	\$1,676,173	\$1,102,599	\$1,538,369	\$4,317,141
Milwaukee	\$780,424	\$330,960	\$539,867	\$1,651,251
Eau Claire	\$313,045	\$147,933	\$224,138	\$685,116
Green Bay	\$151,346	\$74,796	\$126,602	\$352,744
La Crosse	\$339,888	\$139,483	\$225,894	\$705,265
Oshkosh	\$407,663	\$138,640	\$218,485	\$764,788
Parkside	\$66,227	\$36,175	\$59,397	\$161,799
Platteville	\$219,121	\$96,846	\$158,216	\$474,183
River Falls	\$186,194	\$69,106	\$107,754	\$363,054
Stevens Point	\$337,433	\$142,134	\$213,585	\$693,152
Stout	\$278,464	\$142,835	\$192,991	\$614,290
Superior	\$78,448	\$40,180	\$59,055	\$177,683
Whitewater	\$348,106	\$165,250	\$250,080	\$763,436
Colleges	\$73,965	\$28,787	\$43,239	\$145,991
Extension	\$63,239	\$49,191	\$76,375	\$188,805
SA/SYS	\$16,864	\$15,385	\$25,453	\$57,702
Totals	\$5,336,600	\$2,720,300	\$4,059,500	\$12,116,400

3) Auxiliary Health Insurance Cost Increases

Health Insurance premiums are projected to increase approximately 9% effective January 1, 2010 (Department of Employee Trust Funds, September 1, 2009).

4) Payments for Municipal Services

There are no estimates available at this time for Payments for Municipal Services.

5) Property, Liability, and Worker's Compensation Program Cost Adjustments

Premium increases for 2009-10 were 0.0% for all three of Property, Liability, and Worker's Compensation. The Department of Administration estimates that there will be a 2.7% increase in 2010-11 for each respective program.

6) Inflation

The Department of Revenue estimates a 2.2%¹ increase in inflation for FY 2011. This is given as a guideline. Please limit inflation applications to supplies and services and exclude equipment, due to the one-time nature of capital equipment purchases. Also, historical expenditure data is preferred to using inflation estimates whenever possible.

7) Fringe Benefits

Use a rate that reflects your institution's actual costs. The 2009-11 biennial budget request uses 40.89% for permanent positions, 34.40% for graduate assistants, 2.24% for student help, and 29.96% for LTE.

Please note that the 2009-11 biennial budget extends benefits offered by the Group Insurance Board and the Wisconsin Retirement System to the domestic partners of all state employees.

8) State Accounting System (WISMART)

DOA is projecting that the total billing will continue at the same rate as the 2009-10 level.

9) Central Utility Systems

At this time there is no estimate for the 2010-11 Central Utility Costs. More will be known after the CBO conference in late October, and this information will be provided on the updated auxiliary cost factors.

10) Interest Income

State investment fund earning rates averaged 1.0% as of June 30, 2009.

11) Enrollments

Please use your institution's 2010-11 approved enrollment plans that reflect the growth agenda.

12) WIAC

WIAC support is scheduled to remain at \$28,000 for the 2010-11 academic year as part of the conference's overall cost-reduction plan.

¹ October 2009 Department of Revenue Estimate

13) Reporting Threshold

The preliminary auxiliary rate increase threshold for 2010-11 is 1.9%. This is a 3-year rolling average. Currently, DOR predicts the 2009-10 change in Wisconsin disposable income per capita (fiscal year basis) to be -.7%. The change in 2008-09 was 2.0%, and the change in 2007-08 was 4.5%.

14) Common System Allocations

Auxiliary operations can be charged for their fair share of the Common System Allocations charges. These costs may be included in the Auxiliary Budgets. While the charge represents each campus' fair share of the costs, institutions have the flexibility to determine the funding sources that would be used for this charge. Below are the 2009-10 Common Systems Allocations by campus.

University of Wisconsin System	
2009-10 Common Systems Allocations	
Madison	3,037,310
Milwaukee	986,730
Eau Claire	351,701
Green Bay	203,202
La Crosse	302,602
Oshkosh	358,461
Parkside	178,645
Platteville	230,268
River Falls	225,339
Stevens Point	331,497
Stout	318,642
Superior	124,672
Whitewater	308,428
Colleges	207,873
Extension	532,266
SA/ SYS	72,364
Total	\$7,770,000