

The Biennial Budget Bulletin

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2005-07 Biennial Budget Summary of Legislative and Gubernatorial Actions

Overview

Governor's Budget

Governor Doyle's proposed 2005-07 biennial budget, presented to the Legislature in February, provided a total of \$150.6 million (\$49.6 million GPR and \$101 million fees) for the UW System.

The Governor's budget called for the elimination of 200 administrative positions, as part of \$65 million of efficiency measures included in the University's budget.

Some highlights of the new initiatives in the Governor's were: 120 new faculty positions; \$5 million for salary increases for high-demand faculty; \$3 million to provide state support for Alzheimer's disease research; and \$1 million for the provision of domestic partner benefits to UW System faculty and staff.

Legislative Budget

The Joint Committee on Finance completed its review of the Governor's budget in June and the Legislative Budget was passed and sent to the Governor on July 5. Notably, in comparison to the Governor's budget, the legislative budget called for additional GPR operational reductions of \$25 million system wide, a \$1 million

reduction specifically to UW-Madison; a reduction in the amount of new funding for Alzheimer's disease research, additional faculty, and financial aid; no provision for domestic partner benefits; and an across-the-board reduction of 2.3% of each agency's GPR base (\$34 million for the University System).

The legislative budget also phased in the elimination of the 200 administrative positions, required the sale of utility plants eliminating the associated positions, ended certain reporting requirements, and required increased retirement contributions by non-represented employees. It limited funding for automobile allowances to non GPR/fee sources; required studies of mergers and collaborations between institutions and of the status of public higher education; and expanded certain engineering programs. Finally, while it established surcharges for course retakes and excess credits, it also mandated an unfunded tuition remission program for veterans, eligible spouses and dependents.

Rather than providing new GPR to the University System, the legislative recommendations resulted in a biennial cut of \$22 million GPR.

Governor's Vetoes (Final Budget)

In addressing the legislative budget, the Governor's vetoes assured the transfer back of the \$34 million GPR cut from the university system budget, increased financial aid funding for the WHEG program, reinstated reporting requirements, removed collaborative/merger studies, and eliminated the additional retirement contributions.

As a result of the Governor's vetoes, after adjustment for the \$34 million transfer, in the 2005-07 biennial budget, the University System will see new GPR funding of \$12 million.

Tuition

In order to fund that portion of the budget which is obtained from tuition, to offset projected continued reductions in nonresident enrollments, and to pay the traditional tuition share of the JCOER approved 2% pay plan increase, the Board of Regents has approved a resident undergraduate tuition increase of 6.9% for 2005-06. Consistent with recent practice, tuition increases for most other students will be at the same dollar amount as undergraduate resident students.

This issue of the Biennial Budget Bulletin describes: (1) the changes proposed by the Joint Committee on Finance; (2) the changes proposed by the Assembly; (3) the changes proposed by the Senate; and (4) the Governor's vetoes.

Joint Committee on Finance Changes to Governor's Budget

Fuel and Utilities Expenses

Modifies the Governor's budget to reduce the University's largest state operations appropriation by \$2.6 million GPR annually and to provide an increase to the University's fuel and utility appropriation of the same amount to reflect the application of revenues received since 2002-03 from fuel and utilities charges assessed to students. At the same time, funding amounts to correct the tuition offset and total funding provided for fuel and utility expense were corrected.

Funding and Position Reductions

Modifies the Governor's budget to phase in the elimination of the 200 GPR positions and to require an additional cut of \$15 million GPR in 2005-06 and \$10 million in 2006-07, specifying that \$1.5 million of this reduction would come from the UW System administration appropriation annually.

Sale of State Owned Power Plants

Requires state agencies to sell or transfer operation of power plants and wastewater treatment facilities. In addition, 270.92 GPR positions, 146.42 of which are UW positions, associated with the operation of such facilities are to be deleted on April 1, 2007. The Department of Administration is directed to transfer associated budgeted salary and fringe benefits to unallotted reserve to fund agency costs relating to the provision of utility services. **Vetoed by the Governor. While the Governor could not restore the positions reduced by this provision, UW System should be able to use its GPR position creation authority to restore the positions in April 2007.**

Repeal of Certain Reporting Requirements

Repeals certain reporting requirements, including:

(a) student fee funded reserves; (b) state-imposed costs not covered by general purpose revenue; (c) 100 percent fee funded course offerings; (d) UWS sick leave accounting system; (e) industrial and economic development research report; (f) in-kind contributions and nonfederal gifts and grants; (g) interest paid by the system in the previous fiscal year due to any delayed payments to vendors; and (h) program revenue appropriations with a cash overdraft. **Vetoed by the Governor.**

Debt Service Funding

Provides additional \$306,300 GPR in 2005-06 and \$3,522,300 GPR in 2006-07 to reflect a reestimate of debt service costs. Provides \$256,500 PR in 2005-06 and \$258,700 PR in 2006-07 from tribal gaming revenues for debt service relating to the UW aquaculture facility.

Funding for Additional Faculty

Deletes this provision, eliminating \$11.4 million GPR and authority for 120 associated positions.

Retaining High-Demand Faculty

Shifts \$833,000 GPR from 2005-06 to 2006-07 and reallocates the funding provided to reflect fringe benefit expenditures.

Alzheimer's Disease Research

Reduces funding for this initiative by \$500,000 GPR in 2005-06.

Baccalaureate Expansion

Reduces funding for this initiative by \$611,400 GPR in 2006-07.

Rock County Engineering Initiative

Increases funding for this initiative (\$378,300 GPR in 2005-06 and \$203,700 PR annually) and deletes \$203,700 GPR in 2006-07.

Domestic Partnership Benefits

Deletes this provision.

Funding for Lawton and AOP Grants

Deletes \$482,400 GPR in 2005-06 and \$505,600 GPR in 2006-07 in Lawton funding to provide 6% annual increases, and changes the method of calculating appropriation increases.

Deletes \$393,400 GPR in 2005-06 and \$546,200 GPR in 2006-07 for AOP, to provide 4% annual increases.

Surcharge for Coursework Beyond 125% of Graduation Requirements

Requires the Board of Regents to charge the full cost-per-credit for credits beyond 125% of graduation requirements. **Vetoed by the Governor.**

Course Retake Surcharge

Requires the Board of Regents to impose a 100% per credit tuition or academic fee surcharge for each course retaken because of previous failure. **Vetoed by Governor.**

Aquaculture Demonstration Facility Operational Funding

Reduces funding by \$50,000 GPR in 2005-06 and \$100,000 GPR in 2006-07; provides 2 positions in 2005-06 and 3 positions in 2006-07; and requires reallocation of \$94,900 in 2005-06 and \$148,100 in 2006-07 for salary and fringes.

Prohibit GPR and Tuition Funding for Automobile Allowances

Prohibits use of GPR, tuition or academic fees for System President's or Chancellors' automobile allowances. Reduces the UW System's largest state operations appropriation by \$134,400 GPR annually.

UW-Stevens Point Paper Science Lab

Provides \$78,000 SEG annually and 1 SEG position to provide a lab manager, from funds transferred from the DNR.

UW-Fox Valley Engineering Initiative

Provides \$105,000 GPR beginning in 2006-07 for this initiative.

MHEC Dues

Provides \$40,000 GPR annually for membership dues payment. Requires the UW System to make full annual payments of membership dues, estimated to be \$82,500 annually. **The Governor vetoed the provision of \$40,000 to UW System.**

Nonresident Tuition Remission for Certain Undocumented Persons

Deletes this provision.

Tuition and Fee Remission for Veterans, Certain Spouses and Children

Requires the Board of Regents to grant: (1) remission of 50% of academic and segregated fees for 128 credits or 8 semesters to all eligible veterans and (2) full remission of academic and segregated fees for 128 credits or 8 semesters to an unmarried surviving spouse or child of an eligible deceased or at least 30% disabled eligible veteran.

ROTC

Prohibits the Board of Regents from allocating GPR to an institution that bars ROTC from its campus.

UW-Waukesha and UW-Milwaukee Merger

Provides \$30,000 GPR in 2005-06 for a task force to study and develop an implementation plan for the transformation of UW-Waukesha into a campus of UW-Milwaukee. Requires the merger by July 1, 2007. **Vetoed by Governor. He requested that the Board of Regents examine this issue.**

Study of Collaboration between UW-Superior and UM-Duluth

Requires the Board of Regents to submit a report by March 1, 2006 on collaborative efforts between these institutions. **Vetoed by Governor.**

UW-Milwaukee and Medical College of Wisconsin Joint Academic Program Study

Requires both institutions to submit a report by January 1, 2007 on the feasibility of creating joint academic programs to reduce worker shortages in critical fields. **Vetoed by the Governor.**

Higher Education Study

Establishes a committee to study the public benefits of public higher education in Wisconsin and to submit results by August 1, 2006. **Vetoed by the Governor.**

Study of UW System Building Project Costs

Directs Legislative Audit Bureau to complete a study of UW building projects costs, in comparison to those at other public universities, and present findings by January 1, 2006. **Vetoed by the Governor.**

Fuel and Utility Expenditure Study

Requires DOA and UW System to submit a joint report by January 1, 2006 on apportionment of energy costs for all UW System buildings.

Joint Committee on Finance Changes to Governor's Budget, Other Agencies

Transfer Occupational Safety and Health Administration Testing Program to Laboratory of Hygiene

The Governor proposed a transfer of 23 positions from the Departments of Health and Family Services and Commerce and \$4.2 million biennially (\$211,200 GPR, \$3.6 million FED, and \$361,200 PR) to the State Laboratory of Hygiene. JCF modified the Governor's budget by reducing the number of positions transferred from the Departments of Health and Family Services (-1 FED position) and Commerce (-9 FED positions) and reducing the amount of federal funding transferred from the Department of Commerce by \$711,000 FED.

WHEG Funding

Reduce funding by \$3,426,000 GPR in 2005-06 and \$7,591,100 GPR in 2006-07, which would provide 6% annual increases in total funding. In addition, modify the current law to provide an increase equal to the estimated average current year percentage increase for resident undergraduate tuition at UW System institutions. In addition, modify the statutory base funding reference for calculating future sum-sufficient appropriation increases to reflect total funding of \$37,057,200 GPR provided in 2005-06 and \$39,280,600 GPR provided in 2006-07. **Vetoed in part by the Governor to increase the funding to \$45,057,200 in fiscal year 2005-06.**

Restructure Wisconsin Development Fund

Requires the Department of Commerce to make a grant of \$2,500,000 from the Technology Commercialization Grant and Loan program portion of the Wisconsin Development Fund to the University of Wisconsin-Milwaukee to establish a Biomedical Technology Alliance in Southeastern Wisconsin. **Vetoed in part by the Governor to reduce grant to \$500,000.**

Creation of Division of Legal Services in DOA

Repealed a provision in the Governor's Budget which centralized legal services within a division in DOA. The Governor's budget exempted the University of Wisconsin System from this provision. The Joint Committee on Finance required DOA to delete 13 attorney positions across the state.

Vetoed in part by the Governor to include the University of Wisconsin System in the elimination of attorney positions.

Assembly Modifications to Joint Committee on Finance Version

Tuition Remission for Veterans

Modifies the JCF provision relating to a 50% tuition remission for eligible veterans, to specify that federal provisions for tuition payments could offset the tuition subject to remission under this provision.

Nonresident Tuition Remission for Certain Veterans

Requires that eligible veterans be residents of, and living in, this state at the time of registering at a UW institution to qualify for a nonresident tuition remission.

Senate Modifications to Assembly Version

GPR Reductions

Reduced state agencies' largest GPR operations appropriation by 2.3% across-the-board. This provision reduced the University of Wisconsin's appropriation by \$17.1 million in 2005-06 and \$17.3 million in 2006-07. State agencies can request full or partial restoration of funding under s. 13.10. **Vetoed in part by the Governor to require the DOA Secretary to transfer funds back to the agencies.**

Limit on Expenditure of General Fund Revenues

Beginning in 2007-08, the sum of GPR appropriations, general fund compensation reserves and transfers to other funds, minus GPR lapses, may not exceed the amount of general fund revenues received in the prior fiscal year, increased for CPI and population growth. **Vetoed in part by the Governor to delete additional limit on expenditures beginning in 2007-08 and specifications on deposits and appropriations.**

UW-Madison Funding Reduction

Reduces administrative funding at UW-Madison by \$500,000 annually.

Required Retirement Contributions for Nonrepresented State Employees

Requires that nonrepresented classified and unclassified state employees (including faculty and academic staff) pay the first 1.5% of earnings as contributions into the WRS and that agencies lapse the amount offset by these contributions to the general fund. **Vetoed by the Governor.**

UNIVERSITY OF WISCONSIN SYSTEM 2005-07 GPR/FEE BIENNIAL BUDGET

	Board of Regents Request			Governor's Recommendation			Legislative Recommendations			Final Budget (Governor's Vetoes)		
	Biennial GPR	Biennial Fee	Biennial Total	Biennial GPR	Biennial Fee	Biennial Total	Biennial GPR	Biennial Fee	Biennial Total	Biennial GPR	Biennial Fee	Biennial Total
I. Standard Budget Adjustments	126,359,600	56,078,400	182,438,000	81,275,400	100,965,300	182,240,700	79,960,400	100,062,900	180,023,300	79,960,400	100,062,900	180,023,300
a. Salaries and Fringe Benefits	52,437,800	21,520,600	73,958,400	40,727,000	33,233,000	73,960,000	40,727,000	33,233,200	73,960,200	40,727,000	33,233,200	73,960,200
b. 2005-07 Utilities Increases	57,662,200	26,067,900	83,730,100	29,935,600	60,867,400	90,803,000	30,548,200	59,964,900	90,513,100	30,548,200	59,964,900	90,513,100
c. Operation and Maintenance of 2005-07 New Facilities	3,017,800	1,625,100	4,642,900	0	0	0	0	0	0	0	0	0
d. Increases for Minority and Disadvantaged Financial Aid Programs	11,142,200	0	11,142,200	10,612,800	0	10,612,800	8,685,200	0	8,685,200	8,685,200	0	8,685,200
e. Maintaining Services for Students with Disabilities	2,099,600	0	2,099,600	0	0	0	0	0	0	0	0	0
f. Student Technology Fee	0	6,864,800	6,864,800	0	6,864,900	6,864,900	0	6,864,800	6,864,800	0	6,864,800	6,864,800
g. Removal of One-Time Fees	0	0	0	0	0	0	0	0	0	0	0	0
II. Access	26,100,000	0	26,100,000	0	0	0	0	0	0	0	0	0
a. Financial Aid (1st and 2nd Quintile)	26,100,000	0	26,100,000	0	0	0	0	0	0	0	0	0
III. Quality	87,491,500	41,855,300	129,346,800	13,125,000	0	13,125,000	1,256,600	407,400	1,664,000	1,256,600	407,400	1,664,000
a. Student Success for Economic Development	80,578,200	38,132,600	118,710,800	13,125,000	0	13,125,000	1,256,600	407,400	1,664,000	1,256,600	407,400	1,664,000
b. Libraries	3,900,000	2,100,000	6,000,000	0	0	0	0	0	0	0	0	0
c. Instructional Technologies	3,013,300	1,622,700	4,636,000	0	0	0	0	0	0	0	0	0
IV. Governor's Initiatives				(44,744,100)	0	(44,744,100)	(43,028,400)	0	(43,028,400)	(43,028,400)	0	(43,028,400)
a. Star Faculty Initiative				5,000,000	0	5,000,000	5,000,000	0	5,000,000	5,000,000	0	5,000,000
b. Alzheimer's Research				3,000,000	0	3,000,000	2,500,000	0	2,500,000	2,500,000	0	2,500,000
c. Domestic Partner Benefits				1,000,000	0	1,000,000	0	0	0	0	0	0
d. Debt Service Reestimate				11,044,700	0	11,044,700	14,260,400	0	14,260,400	14,260,400	0	14,260,400
e. Budget Efficiency Measures				(65,000,000)	0	(65,000,000)	(65,000,000)	0	(65,000,000)	(65,000,000)	0	(65,000,000)
f. State Lab of Hygiene				211,200	0	211,200	211,200	0	211,200	211,200	0	211,200
V. Joint Finance Initiatives							(25,053,800)	0	(25,053,800)	(25,053,800)	0	(25,053,800)
a. Automobile Allowance							(268,800)	0	(268,800)	(268,800)	0	(268,800)
b. UW-Milwaukee / UW-Waukesha Task Force							30,000	0	30,000	30,000	0	30,000
c. UW-Fox Valley Engineering							105,000	0	105,000	105,000	0	105,000
d. Additional Reallocation Requirements							(25,000,000)	0	(25,000,000)	(25,000,000)	0	(25,000,000)
e. MHEC							80,000	0	80,000	80,000	0	80,000
V. Final Legislative Initiatives							(35,406,000)	0	(35,406,000)	(35,406,000)	0	(35,406,000)
a. 2.3% Across The Board Reduction							(34,406,000)	0	(34,406,000)	(34,406,000)	0	(34,406,000)
b. UW-Madison Reduction							(1,000,000)	0	(1,000,000)	(1,000,000)	0	(1,000,000)
V. Governor's Vetoes										(110,000)	0	(110,000)
a. Remove MHEC Funding										(80,000)	0	(80,000)
b. Remove Milw/Waukesha Study Funds										(30,000)	0	(30,000)
TOTAL	239,951,100	97,933,700	337,884,800	49,656,300	100,965,300	150,621,600	(22,271,200)	100,470,300	78,199,100	(22,381,200)	100,470,300	78,089,100
a. Required Transfer: 2.3% Legislative Reduction (Veto)										34,406,000	0	34,406,000
ADJUSTED TOTAL	239,951,100	97,933,700	337,884,800	49,656,300	100,965,300	150,621,600	(22,271,200)	100,470,300	78,199,100	12,024,800	100,470,300	112,495,100