

STATE OF WISCONSIN

EXECUTIVE BUDGET

SCOTT WALKER, GOVERNOR



FEBRUARY 2015

DIVISION OF
EXECUTIVE BUDGET AND FINANCE
DEPARTMENT OF ADMINISTRATION

UNIVERSITY OF WISCONSIN SYSTEM

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY15 Adjusted Base	FY16 Recommended	% Change Over FY15	FY17 Recommended	% Change Over FY16
GPR	1,142,371,800	996,722,900	-12.7	990,621,200	-0.6
PR-F	1,814,125,200	1,814,125,200	0.0	0	-100.0
PR-O	2,983,533,700	3,048,261,400	2.2	0	-100.0
PR-S	40,548,500	40,548,500	0.0	0	-100.0
SEG-O	34,512,300	29,762,500	-13.8	0	-100.0
TOTAL	6,015,091,500	5,929,420,500	-1.4	990,621,200	-83.3

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY15 Adjusted Base	FY16 Recommended	FTE Change Over FY15	FY17 Recommended	FTE Change Over FY16
GPR	18,432.76	18,432.76	0.00	0.00	-18,432.76
PR-F	5,583.63	5,583.63	0.00	0.00	-5,583.63
PR-O	10,841.42	10,841.42	0.00	0.00	-10,841.42
PR-S	72.65	72.65	0.00	0.00	-72.65
SEG-O	169.25	129.05	-40.20	0.00	-129.05
TOTAL	35,099.71	35,059.51	-40.20	0.00	-35,059.51

AGENCY DESCRIPTION

The system is governed by an 18-member Board of Regents charged by statute with the responsibility to determine educational policy. The president of the system, as chief executive officer, is responsible for the direction and coordination of the system in accordance with state law and the policies of the board.

The system consists of 13 four-year institutions, 13 University of Wisconsin Colleges and the University of Wisconsin-Extension. The chancellors of the 13 universities and a single chancellor for both the University of Wisconsin Colleges and University of Wisconsin-Extension serve at the pleasure of the board and report to the president. Each of the 13 University of Wisconsin Colleges is headed by a dean. Long-range planning and future development of the institutions within the system are carried out in accordance with specific missions for each institution that were adopted in 1974 and revised in 1988 after public hearings throughout the state.

Together, the 26 campuses enroll 179,828 students. Outreach and public service activities, coordinated and led statewide by the University of Wisconsin-Extension, make university resources available to all Wisconsin residents. Annually 228,101 people enroll in continuing education courses and other lifelong learning programs, and county-based Cooperative Extension educators log more than 1,254,037 teaching contacts every year. In addition, the statewide networks of Wisconsin Public Radio and Wisconsin Public Television reach more than 886,400 listeners and viewers weekly.

In accordance with the concept of shared governance, each institution's chancellor and faculty have primary responsibility for educational activities and for faculty personnel matters. Academic staff and students also participate in governance under terms defined in Chapter 36, Wisconsin Statutes.

Two of the system's 13 universities provide instruction at the undergraduate, master's and doctoral levels; the other universities offer undergraduate and master's degree programs; and the 13 two-year colleges provide associate degree and transfer programs in the first two years of undergraduate instruction.

The system attracts substantial nonstate funding to Wisconsin. In fiscal year 2013-14, the Board of Regents accepted \$1,437.6 million in gifts, grants and government contracts. The University of Wisconsin-Madison has consistently ranked in the top ten higher education institutions nationally in attracting federal funds.

The Wisconsin State Laboratory of Hygiene is Wisconsin's public and environmental health laboratory and is an attached agency to the University of Wisconsin-Madison. The laboratory is under the direction and supervision of the State Laboratory of Hygiene Board, which meets six times a year to approve the laboratory budget, set fees, set priorities and make final approval of laboratory resources so that the laboratory can act in response to agencies' planned objectives and program priorities. A nationally renowned public health facility, the laboratory provides top quality analytical services and makes substantial contributions to the evolution of public health and environmental laboratory science through teaching, research, outreach and public service. All sectors of the public health infrastructure – disease control and prevention, maternal and child health, environmental health, epidemiology, emergency preparedness and response, and policy development – are critically linked to the state and national public health laboratory system, which the laboratory coordinates in Wisconsin. Through its wide-ranging activities, directly or indirectly, every citizen in the state is affected and protected by the public health work of the laboratory.

The Wisconsin Veterinary Diagnostic Laboratory was established in 1999 Wisconsin Act 107, which was enacted on April 28, 2000. Effective July 1, 2000, the Wisconsin Animal Health Laboratory was transferred from the Department of Agriculture, Trade and Consumer Protection to the University of Wisconsin System and renamed the Wisconsin Veterinary Diagnostic Laboratory. Much like the State Laboratory of Hygiene, the laboratory is administratively attached to the university but governed by an independent board that contains representatives of state and federal governments, the university, and five nongovernmental members representing various aspects of Wisconsin animal agriculture. These five board members are appointed by the Governor with terms varying in length from two years to four years.

MISSION

The mission of the system, pursuant to s. 36.01(2), Wisconsin Statutes, "is to develop human resources, to discover and disseminate knowledge, to extend knowledge and its application beyond the boundaries of its campuses and to serve and stimulate society by developing in students heightened intellectual, cultural and humane sensitivities, scientific, professional and technological expertise and a sense of purpose. Inherent in this broad mission are methods of instruction, research, extended training and public service designed to educate people and improve the human condition. Basic to every purpose of the system is the search for truth."

The mission of the Wisconsin State Laboratory of Hygiene is to develop and provide essential public health laboratory support to communities, agencies (local, state and federal) and private providers consistent with the public health and environmental goals of the state. Support includes analytical services for the Department of Natural Resources, Department of Health Services, local governmental units, health care practitioners and private citizens; specialized public health, environmental health and occupational health procedures and reference testing; informatics and data support; Occupational Safety and Health Administration consultation; statistics, training, technical assistance and consultation for private and public health agencies; and applied research and university instruction related to the public health and environmental protection mission of the laboratory.

The mission of the Wisconsin Veterinary Diagnostic Laboratory is to develop and provide reliable diagnostic laboratory tests and the professional expertise to complement them. In doing so, the laboratory will fulfill its obligation to be a primary component of the Wisconsin animal health system. The laboratory is intent on being recognized as a leader in the scientific field, achieving excellence in veterinary laboratory diagnostics by integrating innovative and proven technologies, and conducting research to provide the highest quality of service possible.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: University Education, Research and Public Service

University of Wisconsin System

Goal: Meet or exceed the current plans to increase undergraduate degrees conferred (associate and bachelor's).

Objective/Activity: Increase undergraduate degrees conferred by the University of Wisconsin System to meet the state's need for college-degreed professionals as part of the Talent Development Initiative.

Goal: Provide access by enrolling at least 32 percent of Wisconsin high school graduates immediately after graduation.

Objective/Activity: Serving the residents of Wisconsin as part of the Talent Development Initiative.

Goal: Increase first-to-second year retention at the same institution.

Objective/Activity: Increase retention of students to the second year at their original institution in conjunction with the Talent Development Initiative.

Goal: Increase the rate at which new freshmen earn a bachelor's degree at the same institution within six years.

Objective/Activity: Increase graduation rate at the same institution to assist with meeting the state's need for college-degreed professionals as part of the Talent Development Initiative.

Wisconsin State Laboratory of Hygiene

Goal: Rapidly detect and identify outbreaks of communicable disease that are caused by new, emerging pathogens or are the result of an intentional release of a biological or chemical agent and that pose a threat to public health in Wisconsin.

Objective/Activity: Develop a statewide network of testing laboratories to facilitate the monitoring of and emergency response to infectious diseases of public health importance including newly emergent agents and the primary agents of bioterrorism.

Goal: Increase training, outreach and sharing of scientific expertise.

Objective/Activity: Sponsor, develop or participate in training and outreach events.

Goal: Assure that the Wisconsin State Laboratory of Hygiene is prepared to carry out its emergency response responsibilities even in the event of catastrophic losses to its own infrastructure.

Objective/Activity: Develop, implement and exercise a comprehensive Incident Command System and Continuity of Operations (COOP) plan.

PERFORMANCE MEASURES

2013 AND 2014 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Actual 2014
1.	<u>University of Wisconsin System</u> Targeted internships with business.	N/A ¹	Not measured ²	N/A ¹	Not measured ²
1.	Flexible Degree programs offered.	N/A ¹	Not measured ²	5	Not measured ²
1.	Increase enrollment in STEM degree areas (e.g., Engineering and Business).	N/A ¹	Not measured ²	N/A ¹	Not measured ²
1.	Business centers created/expanded.	N/A ¹	Not measured ²	N/A ¹	Not measured ²
1.	<u>State Laboratory of Hygiene</u> Number of clinical laboratories that electronically report testing data.	42	62	48	71
1.	The number of events where the laboratory is the sponsor or cosponsor, or laboratory staff are invited presenters of technical expertise.	250	253	250	271
1.	Conduct full exercises of the COOP plan, including one exercise related to specific emergencies (e.g., pandemic flu) each year.	Conduct one full exercise, four quarterly alert message drills and two exercises	Conducted one full exercise and four message drills	Conduct one full exercise and four quarterly alert message drills	Conducted one full exercise and four message drills

Note: Based on fiscal year.

¹The University of Wisconsin System did not plan to measure this performance measure this year.

²Performance measures were contingent on new initiatives included in the 2013-15 budget request, which subsequently were not funded.

2015, 2016 AND 2017 GOALS

Prog. No.	Performance Measure¹	Goal 2015	Goal 2016	Goal 2017
1.	<u>University of Wisconsin System</u> Undergraduate degrees.	28,723	29,339	30,040
1.	Wisconsin resident attendance rate.	32%	32%	32%
1.	Retention rate.	81.3%	81.8%	82%
1.	Graduation rate.	60.8%	61%	61.3%

Note: Based on fiscal year.

¹Performance measures and goals are all new for the biennium.

UNIVERSITY OF WISCONSIN SYSTEM
GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. University of Wisconsin System Authority
2. Adjustments to Student Academic Fees
3. Environmental Management Account Funding Changes
4. Debt Service Reestimate
5. Standard Budget Adjustments

ITEMS NOT APPROVED

6. Building the Talent Path
7. Building the Talent Infrastructure
8. Building the Talent Based Economy
9. Building the Foundation for Excellence
10. Expand Discretionary Merit Compensation
11. Approve Compensation Plans
12. Modify the Tuition and Fees Report Requirements
13. Repeal the Student Fee Funded Auxiliary Report
14. Utilities Advisory DIN on New and Expanded Facilities
15. Veterinary Diagnostic Laboratory
16. State Laboratory of Hygiene

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST FY16	AGENCY REQUEST FY17	GOVERNOR'S RECOMMENDATION FY16	GOVERNOR'S RECOMMENDATION FY17
GENERAL PURPOSE REVENUE	\$1,150,952.5	\$1,142,371.8	\$1,190,116.9	\$1,227,547.3	\$996,722.9	\$990,621.2
State Operations	1,150,952.5	1,142,371.8	1,190,116.9	1,227,547.3	996,722.9	990,621.2
FEDERAL REVENUE (1)	\$1,701,090.9	\$1,814,125.2	\$1,814,125.2	\$1,814,125.2	\$1,814,125.2	\$0.0
State Operations	1,701,090.9	1,814,125.2	1,814,125.2	1,814,125.2	1,814,125.2	0.0
PROGRAM REVENUE (2)	\$3,194,300.9	\$3,024,082.2	\$3,107,927.3	\$3,107,517.3	\$3,088,809.9	\$0.0
State Operations	3,194,300.9	3,024,082.2	3,107,927.3	3,107,517.3	3,088,809.9	0.0
SEGREGATED REVENUE (3)	\$27,342.9	\$34,512.3	\$34,512.3	\$34,512.3	\$29,762.5	\$0.0
State Operations	26,411.2	33,245.9	33,245.9	33,245.9	28,626.6	0.0
Local Assistance	404.7	465.0	465.0	465.0	334.5	0.0
Aids to Ind. & Org.	526.9	801.4	801.4	801.4	801.4	0.0
TOTALS - ANNUAL	\$6,073,687.2	\$6,015,091.5	\$6,146,681.7	\$6,183,702.1	\$5,929,420.5	\$990,621.2
State Operations	6,072,755.5	6,013,825.1	6,145,415.3	6,182,435.7	5,928,284.6	990,621.2
Local Assistance	404.7	465.0	465.0	465.0	334.5	0.0
Aids to Ind. & Org.	526.9	801.4	801.4	801.4	801.4	0.0

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions) (4)

	ADJUSTED BASE FY15	AGENCY REQUEST FY16	AGENCY REQUEST FY17	GOVERNOR'S RECOMMENDATION FY16	GOVERNOR'S RECOMMENDATION FY17
GENERAL PURPOSE REVENUE	18,432.76	18,432.76	18,432.76	18,432.76	0.00
FEDERAL REVENUE (1)	5,583.63	5,583.63	5,583.63	5,583.63	0.00
PROGRAM REVENUE (2)	10,914.07	10,915.07	10,915.07	10,914.07	0.00
SEGREGATED REVENUE (3)	169.25	169.25	169.25	129.05	0.00
State Operations	166.05	166.05	166.05	125.85	0.00
Local Assistance	1.00	1.00	1.00	1.00	0.00
Aids to Ind. & Org.	2.20	2.20	2.20	2.20	0.00
TOTALS - ANNUAL	35,099.71	35,100.71	35,100.71	35,059.51	0.00
State Operations	35,096.51	35,097.51	35,097.51	35,056.31	0.00
Local Assistance	1.00	1.00	1.00	1.00	0.00
Aids to Ind. & Org.	2.20	2.20	2.20	2.20	0.00

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

**Table 3
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY16	FY17	FY16	FY17
1. University education, research and public service	\$6,066,345.7	\$6,007,678.6	\$6,139,156.9	\$6,176,177.3	\$5,921,895.7	\$990,621.2
3. University system administration	\$7,341.5	\$7,412.9	\$7,524.8	\$7,524.8	\$7,524.8	\$0.0
TOTALS	\$6,073,687.2	\$6,015,091.5	\$6,146,681.7	\$6,183,702.1	\$5,929,420.5	\$990,621.2

**Table 4
Department Position Summary by Program (in FTE positions) (4)**

	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY16	FY17	FY16	FY17
1. University education, research and public service	35,029.96	35,030.96	35,030.96	34,989.76	0.00
3. University system administration	69.75	69.75	69.75	69.75	0.00
TOTALS	35,099.71	35,100.71	35,100.71	35,059.51	0.00

(4) All positions are State Operations unless otherwise specified

1. University of Wisconsin System Authority

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-150,000,000	0.00	-144,698,600	-18,432.76
PR-F	0	0.00	0	0.00	0	0.00	-1,814,125,200	-5,583.63
PR-O	0	0.00	0	0.00	0	0.00	-3,059,317,400	-10,841.42
PR-S	0	0.00	0	0.00	0	0.00	-40,548,500	-72.65
SEG-O	0	0.00	0	0.00	0	0.00	-34,512,300	-169.25
TOTAL	0	0.00	0	0.00	-150,000,000	0.00	-5,093,202,000	-35,099.71

The Governor recommends restructuring the University of Wisconsin System to be a public authority, beginning July 1, 2016.

As a public authority, the University of Wisconsin System Authority will be governed by an 18-member board, with 14 members appointed by the Governor. Current members of the Board of Regents will become members of the new board and serve the remainder of their terms. All assets, liabilities and existing system employees will be transferred to the public authority.

The public authority will gain increased flexibilities in the following areas: (a) ability to set tuition rates unilaterally; (b) authority to set employee compensation and establish a personnel system; (c) control over managing all aspects, except bid letting, of construction projects funded with program revenues; (d) ability to conduct all aspects of construction projects funded with gifts and grants; (e) management of procurement and purchasing contracts; and (f) jurisdiction to negotiate student reciprocity agreements with Minnesota on behalf of the state (see Higher Educational Aids Board, Item #1).

The public authority will be subject to state control and oversight in several major areas: (a) required participation of employees in the Wisconsin Retirement System and Group Insurance Board health plan; (b) Building Commission approval of all construction projects over a certain threshold for state-owned facilities leased by the authority; (c) GPR-supported borrowing; (d) open records, unless the records relate to ongoing faculty research; (e) participation in the state's risk management program upon approval of the secretary of the Department of Administration; and (f) regular Legislative Audit Bureau audits.

The State Laboratory of Hygiene and Veterinary Diagnostic Laboratory will be transferred and attached to the Department of Agriculture, Trade and Consumer Protection. See Department of Agriculture, Trade and Consumer Protection, Item #2.

Lastly, the Governor recommends adjusting the public authority's GPR block grant to reflect anticipated savings from increased flexibilities.

2. Adjustments to Student Academic Fees

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	75,799,500	0.00	75,799,500	0.00	75,799,500	0.00	75,799,500	0.00
TOTAL	75,799,500	0.00	75,799,500	0.00	75,799,500	0.00	75,799,500	0.00

The Governor recommends increasing tuition expenditure authority to reflect changes related to: (a) enrollment increases (\$43,003,200 in each year); (b) self-supporting program enrollment increases (\$16,712,400 in each year); and (c) differential tuition increases (\$16,083,900 in each year).

3. Environmental Management Account Funding Changes

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	-4,749,800	-40.20	0	0.00
TOTAL	0	0.00	0	0.00	-4,749,800	-40.20	0	0.00

The Governor recommends eliminating all grants for the following programs in the first year of the biennium to balance the nonpoint account and environmental management account of the environmental fund: (a) environmental education; environmental assessments (-\$130,500 in FY16); (b) Wisconsin bioenergy initiative (-\$4,069,100 and -35.2 FTE positions in FY16); (c) extension recycling education (-\$394,100 and -4.0 FTE positions in FY16); and (d) solid waste research and experiments (-\$156,100 and -1.0 FTE position in FY16). See Department of Natural Resources, Item #27.

4. Debt Service Reestimate

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-13,626,700	0.00	-25,060,200	0.00
PR-O	0	0.00	0	0.00	-18,317,600	0.00	-7,261,600	0.00
TOTAL	0	0.00	0	0.00	-31,944,300	0.00	-32,321,800	0.00

The Governor recommends adjusting the system's base budget to reflect a reestimate of debt service on authorized bonds.

5. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	17,977,800	0.00	18,008,200	0.00	17,977,800	0.00	18,008,200	0.00
PR-O	7,245,800	0.00	7,245,800	0.00	7,245,800	0.00	7,245,800	0.00
TOTAL	25,223,600	0.00	25,254,000	0.00	25,223,600	0.00	25,254,000	0.00

The Governor recommends adjusting the system's base budget for: (a) full funding of continuing position salaries and fringe benefits (\$25,195,000 in each year); and (b) full funding of lease and directed moves costs (\$28,600 in FY16 and \$59,000 in FY17).

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the University of Wisconsin System.

Decision Item	Source of Funds	FY16		FY17	
		Dollars	Positions	Dollars	Positions
6. Building the Talent Path	GPR	6,400,000	0.00	9,000,000	0.00
7. Building the Talent Infrastructure	GPR	0	0.00	30,000,000	0.00
8. Building the Talent Based Economy	GPR	22,500,000	0.00	0	0.00
9. Building the Foundation for Excellence	GPR	0	0.00	27,300,000	0.00
10. Expand Discretionary Merit Compensation	GPR	0	0.00	0	0.00
11. Approve Compensation Plans	GPR	0	0.00	0	0.00
12. Modify the Tuition and Fees Report Requirements	GPR	0	0.00	0	0.00
13. Repeal the Student Fee Funded Auxiliary Report	GPR	0	0.00	0	0.00
14. Utilities Advisory DIN on New and Expanded Facilities	GPR	0	0.00	0	0.00
15. Veterinary Diagnostic Laboratory	GPR	867,300	0.00	867,300	0.00
16. State Laboratory of Hygiene	PR-S	799,800	1.00	389,800	1.00
TOTAL OF ITEMS NOT APPROVED	GPR	29,767,300	0.00	67,167,300	0.00
	PR-S	799,800	1.00	389,800	1.00