

2017-19 UW System Biennial
Operating Budget Request

BOARD OF REGENTS

That, upon the recommendation of the President of the UW System, the Board of Regents approves the submission of:

1. the Board's 2017-19 Biennial Operating Budget request, totaling \$42.5 million biennially in GPR for 2020*FWD* Initiatives;
2. a technical request that adjusts the general program operations appropriation and FTE to the UW System's 2016-17 annual operating budget level for academic student fees;
3. recommended statutory language changes related to capital bonding and procurement; and
4. state-required performance measures for 2017-19.

In addition, the Board of Regents delegates authority to the UW System President to approve and submit a 5% biennial budget reduction plan, as required by 2015 WI Act 201.



2017-19 Biennial Operating Budget

The University of
Wisconsin System
August, 2016

**UNIVERSITY OF WISCONSIN SYSTEM
2017-19 BIENNIAL OPERATING BUDGET
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A. EXECUTIVE SUMMARY AND BACKGROUND

2017-19 BIENNIAL BUDGET REQUEST

EXECUTIVE SUMMARY

BACKGROUND

The Board of Regents is required to submit a budget request to the Department of Administration (DOA) by September 15 of each even numbered year. The UW System President provides the Regents, for their consideration, a recommended submission at the August meeting of the same even numbered year.

The UW System's 2017-19 biennial budget request is designed to address issues identified in the development of *2020FWD*, the strategic framework for the UW System. In developing *2020FWD*, President Cross and other System leaders reached out to stakeholders across the state, including business and community leaders. More than 5,000 citizens were engaged through listening sessions across the state and via survey. Participants were asked about key challenges to the state and the role the university could play in addressing them. The 2017-19 biennial budget request identifies the needed investments from the state along with System resources that would be reallocated to begin these efforts.

More specifically, the recommended biennial budget proposal focuses on increasing the state's workforce by increasing the educational pipeline at all levels (saving money for students and families by reducing time to degree), improving the university experience, addressing the needs of businesses and communities, and providing funding to further incent operational excellence. Each of these items will make the University of Wisconsin more responsive to the needs of the state and its citizens.

The Governor's July budget letter to agency heads directed most state agencies to assume there will be no new funding above their adjusted base. The governor's letter stated that "agency requests should focus on providing new opportunities for our world-class workforce and continuing to enhance our state's economy." As requested in the letter, the UW System has identified resources to initiate some of the programming. However, the UW System has been in discussions with the Governor's Office indicating our intent to seek an additional investment for the purpose of addressing the workforce and educational needs of the state.

REQUESTED ACTION

Approval of Resolution 11. That, upon the recommendation of the President of the UW System, the Board of Regents approves the submission of:

1. the Board's 2017-19 Biennial Operating Budget request, totaling \$42.5 million biennially in GPR for *2020FWD* Initiatives;

2. a technical request that adjusts the general program operations appropriation and FTE to the UW System’s 2016-17 annual operating budget level for academic student fees;
3. recommended statutory language changes related to capital bonding and procurement; and
4. state-required performance measures for 2017-19.

In addition, the Board of Regents delegates authority to the UW System President to approve and submit a 5% biennial budget reduction plan, as required by 2015 WI Act 201.

DISCUSSION

1. The UW System Framework

2020FWD seeks to address the state’s workforce and educational needs through four interconnected approaches. The goal of the 2017-19 biennial budget request is to more closely align the University of Wisconsin’s education and research with the identified challenges of the state of Wisconsin and the fulfillment of the Wisconsin Idea. The table below summarizes the funding request:

2017-19 BIENNIAL BUDGET REQUEST			
NEW INITIATIVES REQUEST			
	2017-18	2018-19	
	Base Funding Increase	Ongoing Funding Increase	Biennial Increase
GPR (State) Funding Request			
Focus on the Educational Pipeline	\$ 6,000,000	\$ 20,100,000	\$ 26,100,000
Focus on the University Experience	\$ 2,000,000	\$ 4,000,000	\$ 6,000,000
Focus on Business and Community Mobilization	\$ 2,500,000	\$ 3,900,000	\$ 6,400,000
Focus for Operational Excellence	\$ -	\$ 4,000,000	\$ 4,000,000
Totals	\$ 10,500,000	\$ 32,000,000	\$ 42,500,000

New funding is requested for these initiatives because the state’s investment in the UW System has declined for many years. The chart which follows (2007-08 to 2016-17 General Purpose Revenue Funding) shows that General GPR funding for the system has declined significantly over the years.

University of Wisconsin System 2007-08 to 2016-17 General Purpose Revenue Funding



Note: Disposable GPR has declined over time. The increase in 2016-17 includes \$25 million of GPR that was included in the biennial budget. However, the UW System was required to lapse those funds back to the state.

Enrollment has grown significantly since 2000-01, while state support has remained at basically the same level.

University of Wisconsin System State Funding and Enrollment 2000-01 to 2015-16			
Fiscal Year	GPR Funding	Headcount Enrollment	Full Time Equivalent Enrollment
2000-01	\$1,034,876,929	160,567	135,205
2015-16	\$1,029,650,900	178,571	150,832
Change	(\$5,226,029)	18,004	15,627

In addition, tuition has been frozen for the past four years eroding the total base of support for educational and public service endeavors. For example, over the last four years the UW System has had to reallocate dollars to fund a share of pay plan and fringe benefits that would normally be funded through tuition.

Focus on the Educational Pipeline requires \$6 million in 2017-18 and an additional \$14.1 million in 2018-19 for a biennial total of \$20.1 million. The UW System would utilize the funding to address the workforce needs of the state. Wisconsin has an aging population with little anticipated growth in the workforce in future years. Additionally, national data continues to indicate that job growth is occurring in positions held by those with at least some postsecondary education. *America's Divided Recovery*, a 2016 report from the Center on Education and the Workforce at Georgetown University, indicates that 11.5 million out of 11.6 million jobs created in the recovery from the Great Recession have gone to workers with at least some postsecondary education. *2020FWD* focuses on how the UW System can increase the student pipeline, then engage, retain and graduate students to address the needs of the state. The framework begins with College Options programs that will introduce students to higher education. Additional funding is needed to provide support once students enroll through 360 advising (academic, career and financial) and targeted developmental education programs, seamless transfer and new traditional - financial aid. Funding is also requested to meet Wisconsin's workforce needs through targeted institutional efforts.

Focus on the University Experience requires \$2 million in 2017-18 and an additional \$2 million in 2018-19, for a biennial total of \$4 million. The UW System will invest an additional \$1 million of its own resources to begin the initiatives. The objectives of this initiative include producing graduates who are creative, innovative, and entrepreneurial; increasing research and scholarly activity throughout the university; fostering an environment where students are prepared to work with diverse populations and thoughts as requested by Wisconsin businesses; and attracting world-class faculty and staff to prepare our students for life, career and the responsibilities of citizenship. This initiative will ensure that students have the tools they need to succeed.

Focus on Business and Community Mobilization requires \$2.5 million in 2017-18 and an additional \$1.4 million in 2018-19, for a biennial total of \$3.9 million. Funding will be used to:

- expand the UniverCity Year program - where faculty and community groups work together on specific projects, to all four-year UW institutions and UW Extension;
- focus on Wisconsin Vitality - educating citizens on wellness, disease prevention and increasing access to healthcare professionals in rural and underserved areas;
- expand CareerConnect which highlights and promotes student and employer "connectedness" statewide; and
- sponsor Wisconsin Idea Summits that bring together business and communities to address challenges and opportunities for the state.

Focus on Operational Excellence requires \$4 million beginning in 2018-19 to incentivize additional improvements in targeted performance areas. The UW System is a pioneer in performance-based measures and accountability reporting and has implemented an Accountability Dashboard which provides information on Access, Progress and Completion, Cost and Efficiency, Undergraduate Experience, Faculty and Staff, and Economic Development. This funding will assist institutions in focusing on addressing high priority areas identified by the Provosts and approved by the Board of Regents. The specific metrics will be identified later this year.

2020FWD also includes a Commitment to Operational Excellence (CORE) which focuses on standardization, consolidation and streamlining of non-instructional resources. UW System institutions are, and will continue to be, frugal managers of their resources. Administrative costs for the UW System are half of the national average per student. Although this low funding for administration comes with some risks, UW System institutions will continue providing as many of their resources as possible to direct services for students and spurring economic development across Wisconsin. No additional resources are requested for CORE efforts.

2. Standard Budget and Technical Adjustments

To sustain its vital work and enhance the impact on Wisconsin's economy, UW System institutions need adequate resources to cover routine costs and previously required commitments. These typically include debt service for new academic facilities, the higher costs of utilities, employee health insurance premiums, and mandated salary adjustments. These required costs need to be covered to maintain educational quality, student success, and services to Wisconsin businesses and communities. GPR requests for standard budget adjustments have averaged \$88 million over the last 6 biennia. However, at this point, the UW System does not anticipate a need for a standard budget adjustment because of decreases in the number of staff due to budget cuts, additional fringe benefit plans that reduce costs to employers, the lack of a general wage adjustment (cost of living pay increase) for employees in the 2015-17 biennium, and decreased costs of utilities.

The UW System also needs to include a technical adjustment in the budget to align the State's general program operations appropriation figure with the University's 2016-17 budgeted academic student fees. The technical adjustment needed in the state's budget is \$167,916,600 for the biennium (an ongoing increase of \$83,958,300) and 186.83 FTE. The Board of Regents has already approved these authority increases in the 2015-16 and 2016-17 annual budgets.

The Department of Administration (DOA) will adjust debt service estimates in the Executive Budget that is released in February 2017. Funding for future pay plan increases, future health insurance rate increases or increased cost of other fringe benefits in the 2017-19 biennium are expected to be provided as supplements from the state's Compensation Reserve. The board is expected to submit a pay plan recommendation to DOA in December as part of the normal state budget process.

3. Statutory Language Changes

The UW System seeks increased management responsibility in the areas of program revenue bonding, capital project management and oversight, and procurement authority in select areas. A summary of the statutory language changes being requested is included on Pages 21-22.

4. Performance Measures

The Board of Regents is required by DOA to submit a report on performance measures that relate to its broad budget programs. Agencies are asked to report on actual outcome measures

for fiscal years 2014-15 and 2015-16, and planned outcomes for 2016-17, 2017-18 and 2018-19. The UW System has updated metrics for undergraduate degrees, participation rate, retention rates and graduation rates.

Base Budget Reduction

2015 Wisconsin Act 201 requires state agencies to submit a flat budget and a budget reduction plan equal to 5% of base level funding as agreed to DOA. A standard format for the submission is being developed. A sample format is included in this document on Page 31. Delegation of the authority to approve and submit a flat and 5% reduction biennial budget plan to the President of the UW System is requested. While DOA has not yet provided the amount necessary, the plan will be very high level and formulaic in approach.

RELATED REGENT POLICIES

None.

UNIVERSITY OF WISCONSIN SYSTEM
2016-17 Operating Budget

Total Budget:	\$6.257 Billion	
Less Federal Funds:	- 1.818 Billion	→ <div style="border: 1px solid black; padding: 5px; width: 250px;">Federal Funds include funding for: educational opportunity grants, student loans, Pell grants, nursing loans, work study, federal indirect cost reimbursement and research.</div>
Less Gifts, Grants & Contracts:	- 581.0 Million	→ <div style="border: 1px solid black; padding: 5px; width: 250px;">Gifts, Grants and Contracts include: gifts, grants and bequests for loans, for purposes laid out in the bequest; and grants for specific entities (forestry cooperatives, for example)</div>
Less Auxiliaries, Hospitals, and Other Receipts:	- 1.272 Billion	→ <div style="border: 1px solid black; padding: 5px; width: 250px;">Auxiliaries, Hospitals and Other Receipts include: housing, food services, student union, textbook sales, parking, hospitals, athletics, tuition increase grants, and Tri-State Initiative debt service</div>
<hr style="width: 20%; margin: 0 auto;"/>		
GPR/Fee Total: \$2.586 Billion		
GPR:	1.049 Billion	
Tuition – Operating Base:	1.429 Billion	
Tuition – Use of Balances:	0.108 Billion	
Less Restricted GPR	- .232 Billion	→ <div style="border: 1px solid black; padding: 5px; width: 250px;">Restricted GPR includes funding for: debt service, State Lab of Hygiene, and Veterinary Diagnostic Lab.</div>
Less Required GPR Lapse	- .025 Billion	
<hr style="width: 20%; margin: 0 auto;"/>		
Net for Educating Students: \$2.329 Billion		
<div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;"> <p>\$791.9 Million GPR</p> </div> <div style="text-align: center;"> <p>\$1.537 Billion Tuition</p> </div> </div>		

B. 2017-19 BIENNIAL OPERATING BUDGET REQUEST

2017-19 BIENNIAL BUDGET REQUEST

NEW INITIATIVES REQUEST							
	Source	FY 2018		FY 2019		Biennium	
		System Funds	Base GPR Increase	Ongoing System Funds	Ongoing GPR Increase	System Funding Match	GPR Funding Change
Focus on the Educational Pipeline	<i>State</i>	\$ -	\$ 6,000,000	\$ -	\$ 20,100,000		\$ 26,100,000
	<i>System Match</i>	\$ 1,000,000	\$ -	\$ -		\$ 1,000,000	
Focus on the University Experience	<i>State</i>	\$ -	\$ 2,000,000	\$ -	\$ 4,000,000		\$ 6,000,000
	<i>System Match</i>	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -
Focus on Business and Community Mobilization	<i>State</i>	\$ -	\$ 2,500,000	\$ -	\$ 3,900,000		\$ 6,400,000
	<i>System Match</i>	\$ -	\$ -	\$ -	\$ -		\$ -
Focus for Operational Excellence	<i>State</i>	\$ -	\$ -	\$ -	\$ 4,000,000		\$ 4,000,000
	<i>System Match</i>	\$ -	\$ -	\$ -	\$ -		\$ -
Totals	<i>State</i>	\$ -	\$ 10,500,000	\$ -	\$ 32,000,000		\$ 42,500,000
	<i>System Match</i>	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -

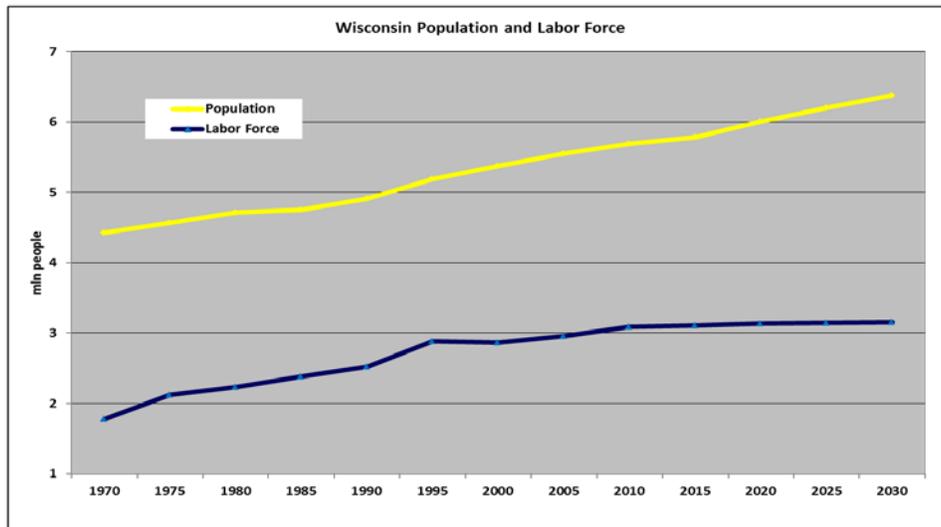
2017-19 UW System 2020FWD Initiatives

Focus on the Educational Pipeline

	<u>2017-18</u>	<u>2018-19 Ongoing</u>	<u>Biennial</u>
GPR (State Funds)	\$6,000,000	\$20,100,000	\$26,100,000
Fees (Tuition)	\$0	\$0	\$0
GPR/Tuition	\$6,000,000	\$20,100,000	\$26,100,000
System Matching	\$1,000,000	\$0	\$1,000,000

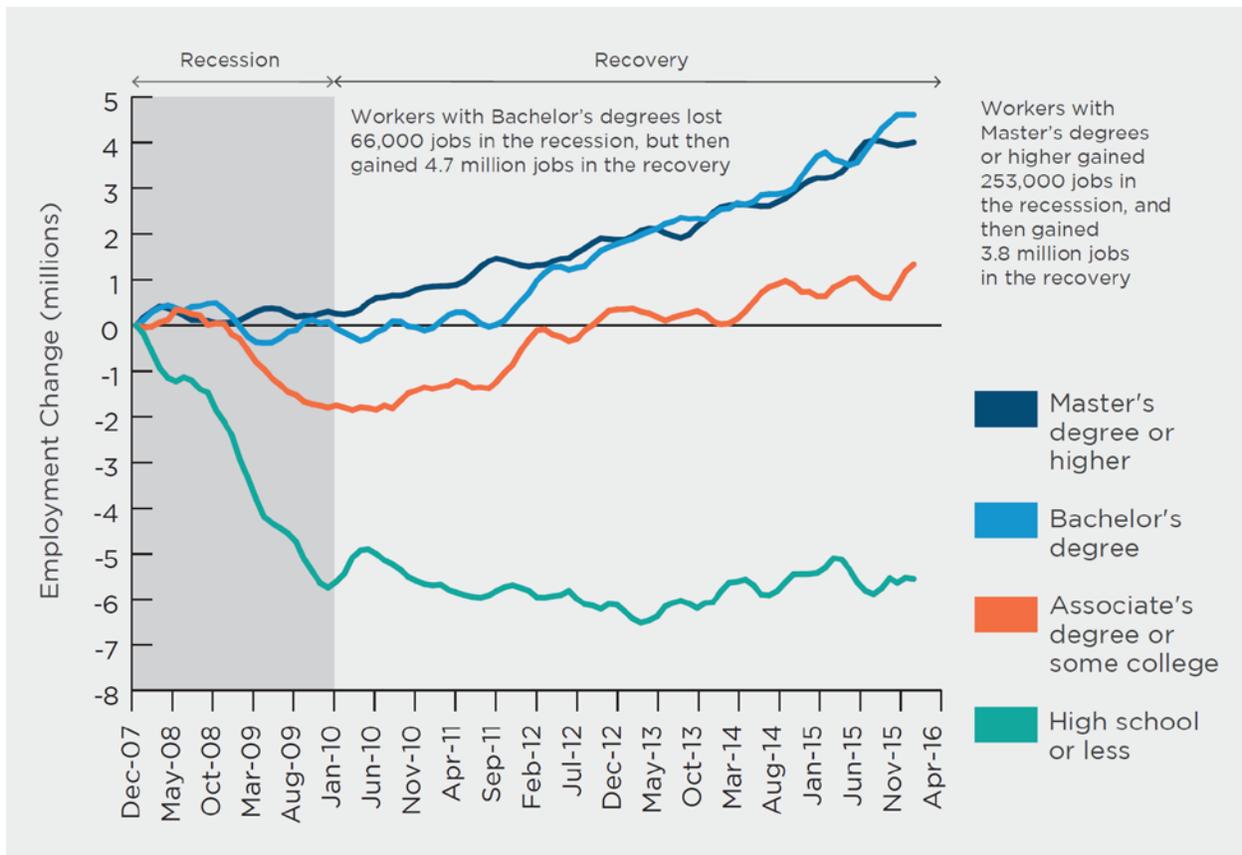
Background

As the demographic trends in Wisconsin predict an aging population and a stagnating workforce, there is a need to strengthen paths that lead talented residents into higher education and innovative careers.



Source: DOA, LMI, OEA

Market trends are transforming the type of workforce needed in Wisconsin. A recent Wisconsin Technology Council report demonstrated that by the time today's kindergarten class enters the workforce, 62 percent of all jobs will require a postsecondary education. Additionally, a 2016 report on the post-Recession economy showed that nearly all of the jobs created in the recovery, 11.5 million out of 11.6 million, went to workers with at least some postsecondary education.



Source: Georgetown University Center on Education and the Workforce analysis of *Current Population Survey* (CPS) data, 2007-2016.

Note: Employment includes all workers age 18 and older. The monthly employment numbers are seasonally adjusted using the U.S. Census Bureau X-12 procedure and smoothed using a four-month moving average.

The study determined that Bachelor's degree holders gained the most jobs in the recovery. Based on the changing workforce and areas of economic growth, unless the state can increase the number of returning adults and first generation students who receive higher education degrees and are connected to businesses in areas of state need, the economy will be unable to grow.

One of the UW System's strategic goals is a Focus on the Educational Pipeline with a roadmap that includes encouraging and providing support to keep people moving at all points of the pipeline.

This initiative requests \$26.1 million for the following initiatives:

Initiative	2017-18	2018-19 Ongoing	Biennial
College Options		\$5.4 Million	\$5.4 Million
360 Advising and Developmental Education	\$1.0 Million	\$3.0 Million	\$4.0 Million
Seamless Transfer		\$1.0 Million	\$1.0 Million
New Traditional – Financial Aid		\$0.7 Million	\$0.7 Million
Meeting WI's Workforce Needs	\$5.0 Million	\$10.0 Million	\$15.0 Million
Total	\$6.0 Million	\$20.1 Million	\$26.1 Million
System Matching Funds	\$1.0 Million	\$0 Million	\$1.0 Million

Request

College Options. In its recent report on “The Value of Higher Education to the Wisconsin Economy”, the Wisconsin Technology Council (WTC) recommended that time to graduation be decreased. Reducing time to graduation helps reduce student debt. However, this reduction should not begin after students enter higher education, but instead should be an option starting as early as high school. The UW System, working with Wisconsin school districts and the Department of Public Instruction, has aggressively moved forward with College Options Programs that increase opportunities for Wisconsin high school students to enroll in high school courses for college degree credit. The College Options Program reduces the cost of achieving a college degree, and should also reduce the time required to graduate once enrolled on campus, providing benefits to the students, families, and the state. This initiative seeks to increase the number of students involved in the College Options program and other precollege experiences across the system in the 2017-19 biennium. An example of how to achieve the Focus on the Educational Pipeline objectives is to expand summer pre-college programs for middle and high school students. Governor Walker has indicated interest in moving more resources into dual enrollment programs. Specifically this request would provide resources to do the following:

- Expand the number of college-level courses offered by UW institutions for dual credit
- Reduce the cost of College Options programs, especially for students eligible for free and reduced lunch
- Provide professional development for K-12 teachers so that they have the qualifications needed to teach college level courses.

360 Advising and Developmental Education. With 360 advising, the UW seeks to better prepare students to face the multi-faceted challenges of today. 360 advising entails providing students with academic, career, and financial advising. The UW will utilize predictive analytics to reach out to struggling students. This targeted intervention will help students before they reach a point where they may have to drop out of their institution. Using predictive analytics to reach out to these students pre-emptively will improve student success and reduce time to degree. Academic advising will also address other factors that affect time to degree. This includes advising students on courses required for their degree or major and maintaining course loads required to graduate

on time. The use of predictive analytics can be expanded to the development of course offerings and schedules to ensure the availability of courses that students need to take to graduate on time. Career advising will provide students with the resources to secure internships and other hands-on learning experiences which will allow them to develop skills with which to thrive in the workplace. Advisors can help students determine the types of jobs, careers, and graduate school opportunities they should consider.

Financial advising will help students manage their resources. Higher education will be the biggest investment that students make when they enroll at an institution. Financial advising can help students manage their budgets, explore available grants and scholarships, and minimize their debt when they graduate. Through the use of predictive analytics, institutions can identify students whose financial need may force them to consider stopping their education.

According to a recent National Governor's Association report, about 60 percent of students who graduate from high school and progress to higher education need substantial developmental education. The UW System has developed a set of key recommendations for improving student success in higher education through innovations in this area. The best approach is to work with K-12 institutions and with graduating students so that they can immediately enter credit-bearing courses and not have to enter developmental education. Funding would be provided for bridge programs, online programming, and other tools to help students be prepared to succeed in credit-bearing courses and reduce the number of students needing developmental education. In addition, creating new ways to support students as they advance through developmental education can decrease time to degree and the cost of an education. This initiative also requests funding to pilot cutting-edge approaches to developmental education at UW institutions and to implement those that are the most successful.

Seamless Transfer. One of the action examples for the Focus on the Educational Pipeline is to enhance credit transfer opportunities. Instead of enrolling and completing a degree at one institution, Wisconsin students are moving between institutions across the state to accommodate academic interests, career goals, and personal needs. TIS, (the Transfer Information System), maintained by the University of Wisconsin System, offers UW, Wisconsin Technical College System (WTCS), and other students the ability to see how their credits transfer to any UW or WTCS campus. This service has been a critical information tool for students trying to complete a degree in the most efficient way possible.

Funding is requested to update and support the technology infrastructure of credit transfer technology solutions, including TIS – so that transfer information is accessible across multiple electronic platforms (e.g. laptops, tablets, mobile devices) and includes credit transfer information from more institutions within and outside of Wisconsin. Such an expansion would provide students with a complete assessment of credit transferability which in turn will improve their educational attainment and produce more graduates.

New Traditional – Financial Aid. Making higher education more affordable for adults and other nontraditional students to earn a University of Wisconsin degree or certificate is essential for the future of Wisconsin. Wisconsin is experiencing a shrinking high school population while also facing a growing demand for educated workers in the workforce. In order to meet this demand, a

degree must become more attainable for adults and nontraditional students. However, most of the financial aid programs currently available focus on half to full time students in traditional programs. Funding is requested to assist adult learners in nontraditional programs.

The largest need-based State grant program available to Wisconsin residents attending a UW institution is the Wisconsin (WI) Grant. About one in every four (27%) resident undergraduate students received a WI Grant in 2014-15. However, the WI Grant is limited to students who are enrolled at least half-time (6 credits) in a degree or certificate program. Additionally, private loan lenders frequently require students to be enrolled at least half-time to be eligible for loans. Students are also required to begin repaying any federal student loans once they are enrolled below half-time. For a non-traditional student who may be working full-time and taking classes in the evening, enrolling at least half-time might simply not be feasible. Among students who are enrolled part-time, more students take three credits than any other credit load.

Additional funding is sought to develop a more flexible program that assists adult learners in nontraditional programs without negatively impacting access for traditional students.

Meeting Wisconsin's Workforce Needs. As Wisconsin's demographics shift, the state faces challenges in shaping and retaining its future workforce, driving continued economic growth, and fostering diverse and integrated communities. The University of Wisconsin System is uniquely positioned to address each of these challenges through strategic decision-making and actions. To effectively develop impactful solutions, institutions require agility and flexibility to identify the highest priorities and target their efforts and resources to address those challenges. This initiative would allow institutions to provide funding to the most critical needs in the area of Wisconsin each institution serves.

Focus on the University Experience

	<u>2017-18</u>	<u>2018-19 Ongoing</u>	<u>Biennial</u>
GPR (State Funds)	\$2,000,000	\$4,000,000	\$6,000,000
Fees (Tuition)	\$0	\$0	\$0
GPR/Fees	\$2,000,000	\$4,000,000	\$6,000,000
System Matching	\$1,000,000	\$0	\$1,000,000

2020FWD includes a focus on the University Experience that involves creating experiences that cultivate new ideas and increased understanding in the University community. The objectives of the University Experience will be demonstrated in programs such as U², Fluent, Cre-8, UW Innovate, and Idea\$ and will produce graduates that are creative, innovative, and entrepreneurial as it also prepares students for life, careers, and the responsibilities of citizenship. This initiative will provide opportunities to increase research and scholarly activity throughout the university while attracting the most talented, diverse and world-class faculty and staff. Additionally, it will focus on fostering an inclusive and welcoming community that embraces diversity of people and thought.

In a 2015 national survey of employers conducted by the Association of American Colleges & Universities, 91 percent of employer respondents agreed that for career success, “a candidate’s demonstrated capacity to think critically, communicate clearly, and solve complex problems is more important than his or her undergraduate major.” From this same survey, 96 percent agreed that “all college students should have experiences that teach them how to solve problems with people whose views are different from their own.” Additionally, 78 percent agreed that “all college students should gain intercultural skills and an understanding of societies and countries outside the United States.” The respondents identified the following skills as most valued by employers: written and oral communication, teamwork skills, ethical decision-making, critical thinking, and the ability to apply knowledge in real-world settings.

Wisconsin’s economy needs more innovative and entrepreneurial citizens who also reflect the growing diversity of its population and ability to communicate in a culturally knowledgeable way with Wisconsin’s business partners. To assist with this effort, UW institutions must produce an experience that bridges boundaries, provides opportunities to engage with others from diverse backgrounds, is inclusive of differences, and prepares students for a global workforce. This initiative requests \$4.0 million for the following initiatives that will increase the number of graduates, reduce time to degree, and create a culture of creativity.

U²- This program will provide resources for professional development and technology as well as support for high impact practices. Every student will be exposed to at least two high-impact learning practices that could include internships, undergraduate research, service learning, capstone projects, and collaborative learning.

Cre-8- This program will help address the need for innovation and out-of-the-box thinking. It will provide professional development opportunities across the System to promote creativity and innovation both within the university and in the broader community.

UW Innovate –The UW System will invest resources to encourage and reward innovation through basic and applied research. This initiative will focus on harnessing the knowledge generated within the system to develop cutting edge solutions for Wisconsin and the world.

Idea\$: Converting world-class ideas into tomorrow’s technologies, services, products, and organizations can be a challenge. Students can benefit from expertise in academic technology transfer, intellectual property protection, contract management, and technology commercialization. The UW System will connect students to the Wisconsin Alumni Research Foundation (WARF), the UW-Milwaukee Research Foundation, WiSys, and other organizations to help translate research into economic activity.

Investing in the University Experience will also help address challenges and opportunities associated with educational attainment. A Georgetown study recently reported that the demand for highly educated workers has increased while employment opportunities for those without postsecondary credentials have declined. Without enabling traditional and non-traditional students to attain higher levels of education, there will not be enough workers to meet the future demands of critical industries in Wisconsin.

Focus on Business and Community Mobilization

	<u>2017-18</u>	<u>2018-19 Ongoing</u>	<u>Biennial</u>
GPR (State Funds)	\$2,500,000	\$3,900,000	\$6,400,000
Fees (Tuition)	\$0	\$0	\$0
GPR/Fees	\$2,500,000	\$3,900,000	\$6,400,000

2020FWD includes an expansion of community partnership programs and a greater level of engagement as UW System expands its role in serving communities and businesses throughout the state. This initiative will provide expertise and support for business and community growth and development while expanding collaborations with communities, nonprofits and local government. The initiative seeks \$6.4 million to increase creativity, knowledge transfer, and job opportunities across the state.

“UniverCity” Year. The UW System will adopt and expand the UniverCity Year program to all four-year campuses and UW-Extension. The UniverCity Year is a program in which faculty and students from across the UW System partner with a designated community on specific projects for an academic year. Students will learn and have a positive impact on places and lives around Wisconsin by working with their local communities, leaders, and residents.

Wisconsin Vitality. The UW System will focus on efforts to produce more healthcare professionals to help meet growing needs especially in rural and underserved areas. The UW System will partner with hospitals, clinics, and providers to promote health and wellness education throughout the state.

CareerConnect. CareerConnect is a UW System web portal designed to highlight and promote student and employer “connectedness” statewide that has emerged as the first step in a state-wide talent development initiative. This portal was developed in partnership between the Governor’s Council on Workforce Investment and the UW System and engaged every campus as well as various statewide employer partners to provide access to information that will make connecting students and employers a simple and easy process. Funding will be distributed directly to the campuses to bolster the capacity and infrastructure needed to foster critical career connections for UW System students and Wisconsin employers, with a small percentage used to support the management and progress of the overall initiative.

Wisconsin Ideas Summit. The UW System will convene a series of listening and engagement sessions across the state to provide a constructive and civil platform that will identify the most pressing challenges in the state. These summits will provide an ideal setting to engage leaders in communities, business, government, and non-profit organizations. The summits will engage community, business, government, and non-profit leaders to galvanize interest and build support for tackling the top challenges in our state.

Focus on Operational Excellence

	<u>2017-18</u>	<u>2018-19 Ongoing</u>	<u>Biennial</u>
GPR (State Funds)	\$0	\$4,000,000	\$4,000,000
Fees (Tuition)	\$0	\$0	\$0
GPR/Fees	\$0	\$4,000,000	\$4,000,000

The UW System is one of the best performing systems within the country and is also among the most affordable in their peer groups. In order to focus on transparent, efficient, and effective operational practices, UW System implemented the UW Accountability Dashboard to deliver a broad spectrum of performance measures in the areas of Access, Progress & Completion, Cost & Efficiency, Undergraduate Experience, Faculty & Staff, and Economic Development. In total, there are more than 50 metrics tracked, demonstrating a systemwide commitment to accountability. The focus on operational excellence at UW System has already produced a level of transparency and accountability that is often regarded as a key outcome of performance-based funding implementation.

The UW System seeks \$4 million to incentivize each of its institutions to maintain current levels of accountability and address performance areas where resources are needed. The UW System Provosts are working together to develop the performance metrics that would be utilized by UW institutions to achieve operational excellence.

The UW System is requesting funding in the second year (2018-19) to allow time to develop appropriate metrics for the UW System institutions which reflect their mission and goals. The \$4,000,000 of ongoing resources requested (12.5%) would be utilized for performance metrics.

University of Wisconsin System

2017-19 Standard Budget Adjustments and Technical Requests

Standard Budget Adjustments are changes in funding related to the biennium in which the request is submitted (2015-17) which allow for continued base level services into the upcoming biennium and are determined in consultation with the Department of Administration (DOA).

Major drivers in standard budget adjustments are:

- Funding of pay plan and fringe benefits for the current (2015-17) biennium
- Utilities
- Debt Service

The UW does not anticipate a standard budget adjustment in the 2017-19 biennial budget based upon early discussions with DOA. One of the reasons for not needing to request a standard budget adjustment is that the UW System has decreased staffing levels through either cuts or holding positions vacant which resulted in savings during this biennium. Another reason is the warmer winters and lower inflationary cost for certain utilities. Funding for future increases in compensation and fringes (2017-19 costs) will be included in the Compensation Reserve. In the past 6 biennia, GPR (state funded) cost-to-continue requests have averaged \$88 million. Because the state will not need to fund standard budget adjustments for the UW System, we believe there will be funding flexibility in the 2017-19 budget to fund the 2020FWD initiatives.

The UW System does not request debt service increases. Debt service re-estimates are determined by DOA and are built into the UW's budget with the Governor's budget recommendation.

The 2017-19 biennial budget request will include a technical adjustment that will bring the level of funding for academic student fees in the general program operations appropriation to the 2016-17 annual budgeted level. The change is \$167,916,600 biennially, \$83,958,300 ongoing, and 186.83 FTE. These funding levels were approved by the Board of Regents in the 2015-16 and 2016-17 annual operating budgets.

The State Lab of Hygiene and Veterinary Diagnostics Lab biennial budget requests are approved by their respective Boards and will be included in the UW's biennial budget request.

OPERATIONAL FLEXIBILITIES:
REQUEST FOR STATUTORY LANGUAGE CHANGES

1. AUTHORITY FOR UW SYSTEM PROGRAM REVENUE SUPPORTED PROJECTS TO BE FUNDED WITH PROCEEDS OF UW REVENUE BONDS THAT HAVE BEEN AUTHORIZED BY THE STATE BUILDING COMMISSION.

The Board of Regents seeks modification to current law to allow the State Building Commission to authorize revenue bonds when the Board of Regents demonstrates that all UW revenue bond obligations can be fully met by program revenues received for capital projects. There shall be a limit placed on the amount of UW revenue bonds and the Board of Regents shall be responsible for not exceeding the limit. The Board of Regents shall approve all capital projects and programs where UW revenue bonds are used as a funding source. The Board of Regents requests the authority to maintain all program revenues received for capital projects in a separate fund outside the state treasury to secure against repayment of UW revenue bonds. The UW program revenue bonds would specify that the revenue bonds would not be the debt or responsibility of the state.

2. AUTHORITY FOR THE BOARD OF REGENTS TO APPROVE AND MANAGE BUILDING PROJECTS FUNDED BY NON-GPR FUNDS.

The Board of Regents seeks modification to current law to allow the Board of Regents to solely approve and manage UW System projects funded entirely through program revenue cash, UW revenue bonds, gifts and grants, and other non-GPR funds or any combination thereof. Modify current law to require the Board of Regents to adopt policies and procedures outlining how such projects would be bid. Any UW System construction project solely approved and managed by the Board of Regents would not require review and approval by the State Building Commission and the Department of Administration.

3. AUTHORITY FOR THE BOARD OF REGENTS TO PURCHASE INFORMATION TECHNOLOGY RELATED MATERIALS, SUPPLIES, EQUIPMENT, OR CONTRACTUAL SERVICES.

The Board of Regents seeks direct authority to purchase information technology related materials, supplies, equipment, or contractual services. A cooperative agreement would allow the Department of Administration and other state agencies to purchase from the Board of Regents information technology contracts. The change to current law would still allow the Board of Regents to continue to purchase from Department of Administration established contracts.

4. INCREASE THE THRESHOLD FOR A FORMAL SEALED BID PROCESS FOR PROCUREMENT OF GOODS AND SERVICES FROM \$50,000 TO \$150,000.

The Board of Regents seeks to amend existing law to increase the threshold at which a formal sealed bid process is required for the procurement of goods and services from \$50,000 to \$150,000 for the UW System.

5. PERMIT THE GOVERNOR TO DELEGATE AUTHORITY TO THE BOARD OF REGENTS FOR UW SYSTEM SOLE SOURCE CONTRACTS BELOW \$150,000.

Permit the Governor to delegate authority to approve UW System sole source contracts below \$150,000 to the Board of Regents. Under current law the Governor must approve the sole source procurement of goods and services above \$25,000 for all state agencies.

6. EXEMPT THE UW SYSTEM FROM PERFORMING COST BENEFIT ANALYSIS FOR THE PROCUREMENT OF SERVICES VALUED OVER \$50,000 THAT HAVE BEEN COMPETITIVELY BID.

Exempt the UW System from creating Cost Benefit Analysis and from conducting annual continued appropriateness reviews for contractual service contracts valued over \$50,000.

7. PERMIT THE UW SYSTEM TO CONDUCT BID OR RFP FOR SERVICES VALUED OVER \$50,000 WITHOUT DEPARTMENT OF ADMINISTRATION APPROVAL.

Allow the UW System to use the Request for Proposal (RFP) tool and to buy goods or services without Department of Administration approval for services valued over \$50,000.

8. PERMIT THE UW SYSTEM TO PURCHASE FROM CONSORTIUM OR COOPERATIVE AGREEMENTS WITHOUT DEPARTMENT OF ADMINISTRATION APPROVAL.

9. CLARIFY THAT THE BOARD OF REGENTS MAY REQUEST BIDS OR PROPOSALS ON THE INTERNET WHEN PROCURING GOODS OR SERVICES.

Clarify that the Board of Regents, when procuring goods or services under s. 36.11(1)(b), may invite bids or requests for proposals through the Internet at a site determined or approved by the Board of Regents.

C. PERFORMANCE MEASURES

2017-19 Performance Measures

State budget instructions require all agencies to report on the performance measures identified for previous biennial budgets. The instructions say that the measures should relate to the agency's Chapter 20 program. The UW System reported on four measures in 2015-17 and will continue to report on those measures this biennium.

The four measures for which the UW System will report are:

1. Undergraduate Degrees (conferred)
2. Participation Rate- the percentage of Wisconsin high school graduates who enroll immediately after graduation
3. Retention Rate – the rate at which new freshmen return to the same institution for the second year of study
4. Graduation Rate – rate at which new freshmen earn a bachelor's degree at the same institution within six years.

These performance measures do not come with increased funding. The UW System Provosts are working with Vice President Henderson to determine which metrics would be recommended for Performance funding as part of the Focus on Operational Excellence.

**DOA Required 2017-19 Biennial Budget Performance Measures
for the University of Wisconsin System**

Measure 1: Undergraduate Degrees
Goal: Meet or exceed current plans to increase undergraduate degrees conferred (Associate and Bachelor's).

Year	Prior Plan*	Current Plan**	Actual
2005-06			24,103
2006-07			25,096
2007-08			25,465
2008-09			25,992
2009-10	26,317		26,297
2010-11	26,910		27,087
2011-12	27,254		28,189
2012-13	27,723		28,789
2013-14	28,041		28,971
2014-15	28,723		29,375
2015-16	29,339	28,976	
2016-17	30,040	28,498	
2017-18	30,636	28,424	
2018-19	31,112	28,093	
2019-20		28,258	

Progress: Undergraduate degrees are currently at an all-time high and are expected to decline slightly due to declining freshmen and/or transfer enrollments, changing composition of student body, and difficulty sustaining or improving as a result of budget reductions. Undergraduate degrees is a performance measure identified in accordance with Act 55.

Although this performance measure focuses on undergraduate degrees, graduate education remains an important part of the UW System's mission.

*The prior plan was the University of Wisconsin System's More Graduates initiative, which was developed in 2009-10 with the expectation that a combination of new and existing resources would support an increase in the number of undergraduate degrees.

**The current plan reflects projections developed by institutions in spring 2016 following the identification of this measure in accordance with Act 55. The five years of plans largely depend on the impact of existing services on currently-enrolled students.

Measure 2: Participation Rate

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

Fall Term After HS Graduation	Plan	Actual
2005	32.0%	32.6%
2006	32.0%	32.5%
2007	32.0%	33.1%
2008	32.0%	32.4%
2009	32.0%	31.9%
2010	32.0%	31.7%
2011	32.0%	31.9%
2012	32.0%	31.5%
2013	32.0%	32.1%
2014	32.0%	31.5%
2015	32.0%	
2016	32.0%	
2017	32.0%	
2018	32.0%	
2019	32.0%	

Progress: The University of Wisconsin System is committed to serving the residents of the State of Wisconsin, not only through the enrollment of high school graduates but also through the enrollment of transfer students and nontraditional-aged students.

Measure 3: Retention Rate

Goal: Meet or exceed current plans to increase the rate at which new freshmen return to the same institution for the second year of study.

Year (Entering Class)	Prior Plan*	Actual
2006-07 (Fall 2005)		79.2%
2007-08 (Fall 2006)		79.2%
2008-09 (Fall 2007)		79.3%
2009-10 (Fall 2008)		80.2%
2010-11 (Fall 2009)	79.5%	80.8%
2011-12 (Fall 2010)	80.4%	79.6%
2012-13 (Fall 2011)	80.5%	80.2%
2013-14 (Fall 2012)	80.9%	80.7%
2014-15 (Fall 2013)	81.3%	82.1%
2015-16 (Fall 2014)	81.8%	81.6%
2016-17 (Fall 2015)	82.0%	
2017-18 (Fall 2016)	82.2%	
2018-19 (Fall 2017)	82.5%	
2019-20 (Fall 2018)	82.7%	

Progress: A student's persistence to the second year of study is an important, early indication of accomplishing the long-term graduation objective. The University of Wisconsin System is committed to providing students with the opportunity to successfully persist to the second year and beyond to graduation.

*The prior plan was the University of Wisconsin System's More Graduates initiative, which was developed in 2009-10 with the expectation that a combination of new and existing resources would support an increase in retention rates. Although the retention rate is not one of the performance measures identified in accordance with Act 55, institutions will continue to seek improvements as a way of increasing graduation rates and the number of undergraduate degrees.

Measure 4: Graduation Rate

Goal: Meet or exceed current plans to increase the rate at which new freshmen earn a bachelor's degree at the same institution within six years.

Year* (Entering Class)	Prior Plan**	Current Plan***	Actual
2006-07 (Fall 2000)			58.0%
2007-08 (Fall 2001)			58.7%
2008-09 (Fall 2002)			59.3%
2009-10 (Fall 2003)			59.7%
2010-11 (Fall 2004)	59.4%		60.4%
2011-12 (Fall 2005)	59.8%		59.3%
2012-13 (Fall 2006)	59.9%		59.6%
2013-14 (Fall 2007)	60.4%		59.3%
2014-15 (Fall 2008)	60.8%		60.7%
2015-16 (Fall 2009)	61.0%		60.7%
2016-17 (Fall 2010)	61.3%	61.2%	
2017-18 (Fall 2011)	61.7%	61.9%	
2018-19 (Fall 2012)	62.1%	62.9%	
2019-20 (Fall 2013)	62.4%	63.4%	
2020-21 (Fall 2014)		63.6%	

*Year denotes the reporting year not the academic year the degree was completed.

Progress: Six-year graduation rates are at an all-time high and are projected to increase. The graduation rate is a performance measure identified in accordance with Act 55.

**The prior plan was the University of Wisconsin System's More Graduates initiative, which was developed in 2009-10.

***The current plan reflects projections developed by institutions in spring 2016 following the identification of this measure in accordance with Act 55. The five years of plans largely depend on the impact of existing services on currently-enrolled students.

D. BUDGET REDUCTION PLAN

NEW BUDGET REDUCTION PLAN REQUIREMENT

On March 1, the legislature enacted a new requirement related to biennial budget submissions. 2015 Wisconsin Act 201 requires each agency to submit two biennial budget requests along with their normal budget submission.

1. A flat base level budget (no new initiatives) with the exception of standard budget adjustments. There is no special planning required to submit this version.
2. A proposal to reduce the agency's state operations budget for each fiscal year by an amount equal to a total of 5% of the base level funding as agreed to by the secretary of the department of administration. At this point the UW System has not been provided the amount needed in the plan and DOA has developed a standard format that will be used.

University of Wisconsin System
Example Act 201 Reporting Template
5% Budget Reduction Exercise

Actuals will be provided by DOA - Estimated Amounts						For Example Purposes Only - To be completed by UW				
Fund	Name	Fund Source	Adjusted Base	FTE	5% Reduction Target (a)	Fiscal Year 2017-18		Explanation Reference #	Change from Adj. Base	
						Budget	FTE		\$	FTE
111	General Program Operations	GPR	812,313,200	17,583.34	40,615,700	771,697,500	17,183.34	(1) (2)	(40,615,700)	(400.00)
117	State Laboratory of Hygiene	GPR	11,037,300	131.25	551,900	10,485,400		(1)	(551,900)	
126	Veterinary Diagnostic Lab	GPR	1,974,800	77.90	98,700	1,876,100		(1)	(98,700)	
121	General Program Operations	PR	2,221,824,200	6,957.66	111,091,200	2,110,733,000		(1) (2)	(111,091,200)	
153	Gifts and Non-Federal Grants and Contracts	PR	493,780,600	3,719.56	24,689,000	469,091,600		(1)	(24,689,000)	
130	State Laboratory of Hygiene	PR	21,871,300	159.60	1,093,600	20,777,700		(1)	(1,093,600)	
165	Veterinary Diagnostic Lab	PR	3,948,900	4.60	197,400	3,751,500		(1)	(197,400)	
127	State Laboratory of Hygiene-Drivers	PR-S	1,619,200	18.90	81,000	1,538,200		(1)	(81,000)	
196	Funds Transferred from Other State Agencies	PR-S	38,519,200	45.75	1,926,000	36,593,200		(1)	(1,926,000)	
166	Veterinary Diagnostic Lab-State Agencies	PR-S	831,100	8.00	41,600	789,500		(1)	(41,600)	
172	Rural Physician Residency Assistance	SEG	355,600	3.62	17,800	337,800		(1)	(17,800)	
169	Grant for Forestry Programs	SEG	134,500	1.00	6,700	127,800		(1)	(6,700)	
163	Discovery Farm Grants	SEG	219,800	1.20	11,000	208,800		(1)	(11,000)	
170	Environmental Scholarships	SEG	201,600	1.00	10,100	191,500		(1)	(10,100)	
161	Trust Fund Income	SEG	19,988,000	122.23	999,400	18,988,600		(1)	(999,400)	
191	Telecommunications Services	SEG	1,054,800	-	52,700	1,002,100		(1)	(52,700)	
Total			3,629,674,100	28,836	181,483,800	3,448,190,300	17,183.34		(181,483,800)	(400.00)

(a) Reduction target must be met within state operations appropriations, but may be allocated across those appropriations and fund sources.

Explanation - Describe proposed changes to reach target or other priorities:

- (1) Reduced expenditures will result in reduction of services to students and staff
- (2) Will result in fewer class sections and could extend time to degree

E. REFERENCE



SCOTT WALKER
OFFICE OF THE GOVERNOR
STATE OF WISCONSIN

P.O. Box 7863
MADISON, WI 53707

July 25, 2016

Dear Agency Head:

Our administration took office at a critical time in our state's history. Spiraling budget deficits and high unemployment were the standard operating procedure and careless fiscal management stunted our growth.

We took immediate action and focused on truly balancing the state budget with a look to the future by eliminating the \$3.6 billion deficit. Now, Wisconsin is ranked as the 4th lowest for long-term obligations in the nation. (2016 Pew Charitable Trusts)

A new course was set. One where our bills are paid, our most vulnerable are protected, and our taxpayers are given control of their hard-earned dollars. We are also better prepared for the proverbial rainy day by reaching a balance of more than \$280 million in the Budget Stabilization Fund.

Wisconsin is working - literally. More people are working today than ever before in the history of the state. The unemployment rate is at its lowest level since 2001, well below the national rate, and property values are on the rise. We also realigned incentives so everyone who wants a job can get a job. Our goal should be to reward work. Investments such as Fast Forward and Course Options continue to foster partnerships among our universities, technical colleges, businesses, and state government.

In order to achieve a skilled workforce, we need to provide tools so every student succeeds. As I stated in my State of the State address this year, we need to capture savings by realigning state government through reform and reallocate these savings to our K-12 system to keep our state's education programs strong. To build on our commitment to student success, we must extend our tuition freeze. This will make our universities affordable and accessible. These two items will help our young people develop the skills they will need for career and life.

Wisconsin families are taking home more of their hard-earned money thanks to our tax reforms. My next budget will uphold this priority. We lowered property taxes multiple times, and have maintained those lower rates. Property taxes are actually lower today than they were in 2010 for the typical homeowner. We have also reduced income taxes across the board, returning \$916 to the median family of four.

As you know, achieving our goals and maintaining such successes require constant discipline. Therefore, just as in the last biennial budget, I am directing most agencies to maintain their overall fiscal year 2017-18 and 2018-19 GPR budgets at the fiscal year 2016-17 adjusted base.

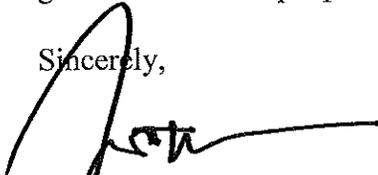
The same zero-growth targets will also apply to SEG-funded administrative operations. Agency requests should focus on providing new opportunities for our world-class workforce and continuing to enhance our state's economy. Agencies are encouraged to take a fresh look at all programs and identify ways to realign resources in order to fund initiatives within their current base, rather than seek additional resources the taxpayers can't afford. Our common goal is to deliver an efficient and accountable government for the taxpayers.

As required by law, agency budget requests are due on September 15, 2016. The Major Budget Policies and Budget Instructions follow this letter. Please review them carefully as you prepare and prioritize your requests.

To keep consistent with delivering a smaller, more efficient government for our taxpayers, there are new elements of the biennial budget instructions. 2015 Wisconsin Act 201 requires each agency to submit, in addition to its standard biennial budget request, two proposals relating to state operations. One proposal relates to a 0 percent change from the agency base budget in each year (across most fund sources); the second proposal relates to a 5 percent reduction of the agency base budget. These proposals submitted by agencies will receive thorough review even though they are not required to be included in the biennial budget recommendations we submit to the Legislature in early 2017. Further directions regarding Act 201 are included in the attachment.

Thank you for your work serving our citizens every day as we work to deliver as responsive state government to the people of Wisconsin.

Sincerely,



Scott Walker
Governor

MAJOR BUDGET POLICIES 2017-19

BUDGET TARGETS

- Agencies should prepare their 2017-19 biennial budget requests based on 100 percent of their fiscal year 2016-17 adjusted base.
 - All agencies should assume there will be zero growth in overall GPR appropriations in each fiscal year during the 2017-19 biennium, and specific program needs should be managed within this general constraint.
 - Exceptions will occur only for K-12 school aids; required basic cost-to-continue needs for the state's institutions, i.e., the Department of Corrections and the Department of Health Services institutions; entitlement and related assistance programs in the Department of Health Services (e.g., Medical Assistance), the Department of Children and Families' Division of Safety and Permanence, and the Department of Workforce Development's Division of Vocational Rehabilitation; and housekeeping adjustments like standard budget adjustments, fuel and utilities, and debt service.
- The zero growth policy will also apply to the SEG-funded administrative operations appropriations in all agencies that are supported by the transportation fund, the conservation fund, the environmental fund and the lottery fund.
- Funding requests for other types of appropriations and other funding sources in both years should be limited to revenue availability and only the highest priority programmatic needs.
- Except for standard budget adjustments, routine budget items should be handled in agencies' base budgets regardless of fund source.
- Agencies should not submit requests related to anticipated changes to existing systems or processes that may result from the State Transforming Agency Resources (STAR) project.
- In developing their biennial budget requests, agencies should fundamentally review missions and priorities, exploring opportunities to reallocate resources, integrate programs and consolidate functions.
- Any areas needing additional staff must be met through base reallocations.

Note: Agencies must receive approval from the State Budget Office before proposing to use funding sources in another agency to stay within budget targets, to absorb operations' reductions or to fund any new initiatives.

- Proposals that transfer functions or programs, including related costs and staff, between agencies should result in zero growth in overall state appropriations (i.e., the transferring agency should have lower overall appropriations to offset the increase at the receiving agency). All agencies involved in the transfer should notify the State Budget Office during the initial stages of considering any such proposal to facilitate review of the request and allocation of any projected savings between the agencies.

ACT 201 REQUIREMENTS

- All agencies, excluding the Legislature and the Courts, are required to include proposals for a state operations budget for their agency under each of the following scenarios:
 1. Meet a zero growth target in each fiscal year of the 2017-19 biennium.
 2. Reduce the agency's state operations budget by 5 percent from its fiscal year 2016-17 adjusted base in each fiscal year of the 2017-19 biennium.
- The budget proposal targets do not include federal appropriations or debt service appropriations.
- The targets do not allow for the exceptions listed in the Budget Targets Section above, other than standard budget adjustments.
- The targets must be achieved within the state operations portion of the agency's budget. Any proposed changes to local assistance or aids to individuals and organizations appropriations are not included in the calculation of whether an agency meets the targets.
- Agencies will be provided with agency-specific targets and a template for the proposal upon completion of the base reconciliation process, which sets the adjusted base.

PERFORMANCE MEASUREMENTS IN BUDGETING

- Agencies need to report on the performance measures they identified for previous biennial budgets. These measures should relate to agencies' broad Chapter 20 budget programs. If needed to capture significant shifts in agency function, additional measures could be added; however, only a few measures should be presented so there is a clear focus on results.
- For the 2017-19 budget, agencies need to report actual outcome measures through fiscal year 2014-15 and fiscal year 2015-16. Planned outcome measures should be listed for fiscal year 2016-17, fiscal year 2017-18 and fiscal year 2018-19. Agencies should track and maintain data going forward to present actual performance data for a fiscal year compared to planned performance. (A calendar year may be used if data are collected on that basis. Please note where calendar years are used.)
- The State Budget Office will include performance measures developed by an agency in the Executive Budget Book, and agencies should reference measures in decision items, where relevant.
- Agency descriptions and performance measures will be included in the state budget system and must be updated in that system. It is important for agencies to follow the prescribed format to ensure consistency and compatibility.

BUDGETING FOR INFORMATION TECHNOLOGY

Requests for funding of information technology projects should identify the link between the project and the state's business goals, conformity to the Department of Administration's Policies and Procedures for Information Technology Management, and provide specific information about each project, including executive sponsorship. Consistent with information technology strategic planning, project definitions must include a standard return on investment (ROI) calculation.

BUDGETING FOR DEPARTMENT OF ADMINISTRATION RATE CHANGES

Agencies should not reflect anticipated rate changes from the various divisions within the Department of Administration in their 2017-19 budget requests. Forecasting of rates and impacts on individual agency budgets will be addressed by the Department of Administration in developing the Governor's 2017-19 budget.

FEDERAL FUNDS

The state has a goal of increasing the ongoing receipt of federal funds where the use of federal funding is consistent with state program goals. In order to increase the amount of federal funds received, agencies should conduct the following review:

- Examine existing grant awards to ensure that they are fully utilized and consistent with agency priorities. If unexpended grant authority is available, the agency should reallocate the funds to other activities to the extent possible under state and federal rules.
- Agencies may also identify, in the form of a policy paper submitted on September 15, additional federal grant opportunities that were not included in the agency's request. Such opportunities may be considered for funding by the State Budget Office during budget deliberations.

STATUTORY LANGUAGE GUIDELINES

- Agencies should seek to limit policy items unrelated to appropriation changes for inclusion in the Governor's budget.

Note: Please contact your State Budget Office analyst to discuss whether a particular initiative is appropriate for submission as a budget request.

- Agencies should not submit extensive lists of technical or housekeeping changes for inclusion in the Governor's budget. Proposed changes for separate nonbudget legislation can be submitted to the State Budget Office for review and approval, separate from the budget request.

Note: Please contact your State Budget Office analyst if these types of changes are sought.

- As in past budgets, prior to September 15, agencies may work directly with the Legislative Reference Bureau in preparing statutory language items related to the budget. After September 15, all drafting and redrafting requests related to the budget must come from the State Budget Office.
- If agencies submit to the Legislative Reference Bureau budget bill drafts that the agencies have drafted, the Legislative Reference Bureau recommends that the agencies also submit memoranda identifying what they are seeking to accomplish.
- The detailed budget instructions will provide more information on statutory language submittal requirements.

BUDGET SUBMITTAL DUE DATES AND PROCEDURES

- Formal budget requests are due Thursday, September 15, 2016. Send four (4) copies to the State Budget Office and two (2) copies directly to the Legislative Fiscal Bureau.
- State Budget Office staff will be available to meet with individual agencies to explain budget policies and procedures, and discuss any agency concerns.

INFORMATION ON THE WEB

- The Budget Instructions will be available on the State Budget Office Web site at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/Biennial-Budget>.
 - Periodic information updates will be posted to this Web site and the State Budget Office SharePoint site, so agencies should check these sites regularly.