



Office of Budget & Planning

1520 Van Hise Hall
 1220 Linden Drive
 Madison, Wisconsin 53706-1559
 (608) 262-6423 (608) 265-3175 Fax

e-mail: budget@uwsa.edu
 website: <http://www.uwsa.edu>

May 29, 2015

Joint Finance Committee Action on UW System Biennial Budget

Today the Joint Committee on Finance concluded their deliberations on the UW System components of the 2015-17 biennial budget. JFC passed an omnibus motion that combined all of their actions on the LFB papers. The following table summarizes the actions on the alternatives provided in the LFB papers. The actual motion is attached, which includes several additional provisions.

Issue	Governor's Budget	JFC Action
GPR Base Budget Reduction (676)	\$300 million biennial reduction (\$150 million ongoing).	Reduced the recommended base cut by \$25 million annually, resulting in a \$125 million annual cut (\$250 million biennially). Specified that the \$50 million biennial change be provided to aid institutions that are most impacted by the GPR base reduction.
Creation of a Biennial Appropriation (676)	Establish a biennial appropriation so that the UW System could transfer moneys between years.	Approved the creation of a biennial appropriation.
Separate Appropriation for UW System Administration (676)	Move the separate UW System Administration GPR appropriation into the GPR block grant.	Maintained a separate UW System Administration appropriation.
Future GPR Funding (679)	Beginning in 2018-19, GPR funding for the UW System would be increased by the annual change in the CPI. The ongoing funding base excludes 2014-15 and 2016-17 fringe benefit costs.	No provision – maintains current law.
Pay Plan Supplements (681)	Delete UW pay plan supplement appropriation on July 1, 2016. Provide \$21,313,500 GPR one-time in 2016-17 for fringe benefits.	Provided \$7,928,000 GPR in 2015-16 and an additional \$5,457,500 GPR in 2016-17 to fund projected fringe benefit increases, resulting in a \$13,385,500 GPR base increase. The UW System would be permitted to request additional funding if needed through the standard budget adjustment process in the 2017-19 biennial budget.
2015-17 Resident Undergraduate Tuition Freeze (677)	Freeze tuition on resident undergraduate students in 2015-16 and 2016-17.	Approved the Governor's recommendation of a tuition freeze in 2015-17. Permitted the Board of Regents to implement a differential tuition at UW-Stevens Point if approved by a student referendum after the effective date of the biennial budget act.
2017-19 Resident Undergraduate Tuition Freeze (677)	No restriction on the Board's tuition authority beyond the current biennium.	No provision.
Creation of UW System Authority (675)	Convert the UW System to a public authority.	Deleted proposed language establishing a UW System Authority. Provided certain flexibilities in other actions (see below).

Issue	Governor's Budget	JFC Action
Minnesota-Wisconsin Student Reciprocity (390)	Transfer negotiation and administration of the Minnesota-Wisconsin tuition reciprocity agreement from HEAB to the Board of Regents on July 1, 2016. Entering into an agreement is optional and does not require JFC approval. The UW System Authority would be liable for any interstate payment that accrues after July 1, 2016. UW institutions would retain all reciprocity tuition revenue.	Maintained current law. UW System institutions will not be able to retain all tuition paid by Minnesota students in 2016-17 as proposed by the Governor.
Compensation Plans (681)	Authorize the UW System Authority Board of Regents to approve compensation plans for UW employees.	Restored current law requiring the Director of the Office of State Employment Relations to submit pay plan recommendations for UW faculty and academic staff to JOCER. Restored UW System pay plan supplemental appropriations. Specified that the UW System not receive pay plan supplements from the compensation reserve in 2015-17, but would receive pay plan supplements in 2017-19 and in future biennia. Modified current law to permit the Board of Regents to use base funds to provide salary adjustments to recognize merit.
GPR Position Creation Authority (681)	Delete current law restrictions on the ability of the UW System Authority to create or abolish GPR positions.	No provision. On July 1, 2015, the UW System will have authority to create and abolish positions on all funds because the UW will be excluded from s. 16.505. (C.2.)
Issuance of Revenue Bonds for UW System Self-Amortizing Projects (682)	Provide that the UW System Authority could issue bonds for any corporate purpose. Bonds would not be debt of the State.	No provision.
Oversight by DOA (682)	None.	Required DOA to assess the UW System for services related to building projects that are funded entirely by program revenues or program revenue supported borrowing on a fee-for-service basis except that fees assessed to these projects could not exceed 4% of the total cost of the project.

Issue	Governor's Budget	JFC Action
Legislative Enumeration of Non-GPR Supported Projects (682)	None.	Provided that UW System building projects would not be subject to Building Commission approval and supervision if all of the following apply: (a) the project is funded <u>entirely with gifts and grants</u> made to the UW System for the express purpose of funding the building project; and (b) the building project is let by the UW System using the current law single prime contracting process. Provided that the DOA would not take charge of and supervise all engineering and architectural services and construction work performed related to, or review and approve plans and specifications for, UW System projects that meet that criteria. Deleted current law exempting UW System building projects that cost less than \$500,000 and are funded entirely with gifts and grants from prior approval by the Building Commission, review and approval by DOA, DOA supervision of engineering, architectural services, and construction work, and DOA bidding.
Procurement – General (683)	For procurement purposes, the UW System Authority would be treated as a municipality and would not be subject to procurement law for state agencies. UW System Authority could enter into purchasing agreements with DOA and municipalities.	Required the Board of Regents to develop related policies and to submit them for approval by the JFC. Specified that current law related to purchasing by state agencies would not apply to the UW System once the JFC approves the Board of Regent policies. Specified that UW System institutions would be able to purchase through state contracts and state agencies would be able to purchase through UW System contracts.
Investment of Certain PR Balances (684)	None.	Specified that the UW System would not be required to deposit auxiliary enterprise revenues, gifts, grants, donations, and segregated fees collected for building projects in the state investment fund, which would allow the Board of regents to invest these funds upon receipt in the PR appropriation. Required the Board to invest these funds through one of three specific mechanisms. Deleted current law authorizing the Board to invest surplus auxiliary enterprises moneys in certain securities and bonds.
Wisconsin Bioenergy Initiative (486)	Delete \$4,069,100 and 35.2 positions.	Deleted the funding, positions, and related statutory language.
Wisconsin Environmental Education Board (488)	Delete \$130,500 annually from the environmental fund and delete the appropriation for that purpose. In addition, delete \$200,000 in 2016-17 as well as the appropriation for environmental education grants from the conservation fund. Delete currently law program language.	Deleted the funding, positions, and related statutory language.

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Extension Solid Waste Research (487)	Delete \$156,100 and 1.0 position. Delete current law permitting the Board to establish solid waste experiment centers. Delete the requirement for the Board to conduct research into solid waste disposal and to appoint a solid waste research council.	Deleted the funding, positions, and related statutory language.
Extension Recycling Education (487)	Delete \$394,100 and 4.0 position	Deleted the funding, positions, and related statutory language.
State Laboratory of Hygiene Funding (686)	Reduce SLH's GPR appropriation by \$6.3 million in 2016-17. Create a \$2.7 million appropriation under DNR to pay SLH for services provided. Provide an additional \$3.6 million to DHS for public health services planning, regulation, and delivery.	Restored GPR funding to SLH for services to DHS and DNR.
Telecommunications Services Funding (678)	Delete \$1,054,800 in funding that supports BadgerNet services provided to the UW System. Prohibit DOA from providing computer and telecommunications services to UW institutions.	Restored segregated fund appropriation and positions. Removed prohibition on DOA providing services to the UW System.
Rural Physician Residency Assistance Program (678)	Delete \$755,300.	Restored segregated fund appropriation and positions.
Physician and Dentist Loan Assistance Program (678)	Delete \$250,000 and related language.	Restored segregated fund appropriation and positions.
Environmental Program Grants and Scholarships (678)	Delete approximately \$300,000 for environmental grants and scholarships at UW-Madison, UW Colleges, and UW-Stevens Point.	Restored segregated fund appropriation and positions.
Discovery Farm Grants Program (678)	Delete \$249,800 and 1.2 positions.	Restored segregated fund appropriation and positions.
Center for Cooperatives (678)	Delete \$133,300. In current law, \$78,000 should be provided to the UW-Stevens Point paper science program and the remainder should be used for grants to persons wishing to form forestry cooperatives. Five percent of the amount for grants can be used for administrative expenses.	Restored segregated fund appropriation and positions. Specified that \$124,400 of the appropriation be provided to UW-Stevens Point's paper science program and \$10,000 to UW-Madison's center for cooperatives in 2015-16 and 2016-17.

Issue	Governor's Budget	JFC Action
Physician and Dentist and Health Care Provider Loan Assistance Programs (679)	Delete \$488,700 and related language. Delete the Rural Health Development Council, which advises the Board on the loan assistance program.	Maintained current law and restored funding.
Aquaculture Demonstration Facility (679)	Delete operational funding for aquaculture (\$417,500). The recommendation also modifies current language to permit –rather than require – the Board to support commercial aquaculture.	Restored funding, and provided an additional \$100,000 PR-tribal gaming funding in 2015-16 and 2016-17 to fund a UW-Extension aquaculture specialist position.
Programming at UW-Green Bay	Delete \$247,500 for programming at UW-Green Bay developed with the Oneida Tribe.	Maintained current law and restored funding.
Position Reports (681)	Delete language requiring the Board of Regents to report quarterly to DOA and JFC regarding the number of FTE positions.	Modify current law to require the Board of Regents to report annually to DOA and to the Co-Chairs of JFC regarding the number of full-time equivalent positions created or abolished in the previous 12 months. Specified that the reports be based on the October 1 payroll. Deleted current law specifying that positions authorized for the UW System not be included in any state position report beginning on July 1, 2015.
Auxiliary Enterprise Funds (685)	Delete current law prohibiting the Board from accumulating auxiliary reserve funds from student fees in excess of 15% of the previous year's revenues unless approved by DOA and JFC. Delete language authorizing the Board to invest surplus auxiliary enterprise funds in certain securities and bonds.	Approved the Governor's recommendation, which removes the Student Funded Auxiliary Reserves Report.
Program Revenue Balance Reporting (685)	None.	No provision.

Additional Major Provisions included in the attached UW Omnibus (motion #521)

In addition to the items included in the Legislative Fiscal Bureau papers Omnibus motion 521 includes changes to:

- Tenure (Item 12)
- Application for UW Positions (Item 14)
- Transfer of continuous service benefits (Item 16)
- Employment relations (Item 17)
- Leases (Item 24 as modified by Motion 530)
- Master leases for energy conservation projects (Item 25)
- Nonresident Tuition Remissions (Item 27 as modified by Motion 530)
- Annual Financial Audit (Item 29)
- Accountability and Reports (Items 30 and 31)
- Shared Governance (Items 33-38)
- Layoff due to Budget or Program decisions (Item 39)
- Academic Staff Positions (Item 40)
- Process for submissions to the Building Commission (Item 52)
- Additional Charter School Authorizers (Item 70 as modified by Motion 530)