



## Budget & Planning

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February 26, 2018

Via E-Mail Only

To: Chief Business Officers  
Budget Officers

From: Gary Buehler  
UW System Administration Office of Budget and Planning

Re: 2018-19 Annual Budget Allocations and Guidelines

The 2018-19 initial planning allocations have been entered into the planning allocation system. You can download the allocations for your institution by going to <https://www.wisconsin.edu/budget-planning/annual-operating-budget> and clicking on Planning Allocation Reports (requires Internet Explorer with Java enabled). Instructions for how to use the online system can also be found on that web page. The planning allocations reflect the funding that was included in the Governor's 2017-19 Biennial Budget recommendation, and JCOER approved compensation adjustments. Items included in the initial allocations are:

- 1) 2018-19 - \$26 Million Base Reallocation
- 2) 2018-19 - 2% FA/AS/LI Pay Plan Effective July 1, 2018
- 3) 2018-19 - 2% Graduate Assistant Pay Plan Effective July 1, 2018
- 4) 2018-19 - 2% University Staff Pay Plan Effective July 1, 2018
- 5) 2018-19 - FY19 Portion of 2% FA/AS/LI Pay Plan Effective January 1, 2019
- 6) 2018-19 - FY19 Portion of 2% Grad Assist Pay Plan Effective January 1, 2019
- 7) 2018-19 - FY19 Portion of 2% Univ Staff Pay Plan Effective January 1, 2019
- 8) 2018-19 Unfunded Pay Plan Costs for Pay Plan Effective July 1, 2018
- 9) 2018-19 Unfunded Pay Plan Costs for FY19 Portion of Pay Plan Effective Jan 1, 2019
- 10) 2018-19 Debt Service

### **ALLOCATION INFORMATION**

**2018-19 - \$26 Million Base Reallocation:** In October, 2017, \$26 million was transferred to the UW System institutions. These funds were distributed based on the 2017-18 Adjusted GPR/Fee Base. While the funds were distributed in 2017 they were not added to the 2017-18 annual budget. This item allocates those funds to the institutional base budgets in 2018-19. This item has been allocated as "undistributed". Please see the section "Other" below regarding the process to allocate the undistributed funds.

**2018-19 - 2% Pay Plan for FA/AS/LI, Graduate Assistants, and University Staff, Effective July 1, 2018:** These allocations provide funding for the 2018-19 2% pay plan increases approved by the Joint Committee on Employment Relations (JCOER), effective July 1, 2018. The allocation is based upon the October 2016 payroll.

**2018-19 – FY19 Portion of 2% Pay Plan for FA/AS/LI, Graduate Assistants, and University Staff, Effective January 1, 2019:** These allocations provide funding for the 2018-19 portion of the 2% pay plan increases approved by JCOER, effective January 1, 2019. The allocation is based upon the October 2016 payroll.

**2018-19 Unfunded Pay Plan Costs:** These items allocate reductions of \$7,525,795 (for pay plan effective July 1, 2018) and \$3,838,156 (for pay plan effective January 1, 2019) to reflect the unfunded pay plan costs related to the fee share of compensation and the associated fringe benefit adjustments in 2018-19 due to the tuition freeze. The allocations have been distributed based on each institution's share of the UW System's 2017-18 adjusted GPR/Fee base. This item has been allocated as "undistributed". Please see the "Other Budget Development Information" section below regarding the process for allocating these undistributed funds.

**2018-19 Debt Service Allocation:** The 2017-19 Biennial Budget provides \$ 218,577,800 in GPR Debt Service for fiscal year 2018-19. This funding has been allocated based on each institution's proportion of actual debt service expenditures (principal plus interest) in fiscal year 2016-17.

### **OTHER BUDGET DEVELOPMENT INFORMATION**

**Senior Executive Pay Plan:** Pay plan for chancellors will be determined by the system president and approved by the board of regents at the June 2018 board meeting. Those pay plan amounts will then be allocated and added to the institutional budgets by the UWSA budget staff.

It is therefore important that institutions not build in pay plan for the chancellors and to exclude the chancellors from the continuing staff base.

**Budgeting to Actual Anticipated Expenditure Levels:** The 2018-19 annual budget should reflect all anticipated expenditures, including those that are one-time and coming from fund balances. **Fund 231 (Academic Student Fees – Carryforward Contribution) should be used in the budget for anticipated expenditures beyond an institution's allocated fund 131 budget authority.** This will allow the budget to reflect all anticipated expenditures (including non-recurring one-time expenditures) while also allowing easy identification of one-time expenditures vs. on-going base budgets. All expenditures in the financial system will continue on Fund 131 or 1(a) – there will not be actual expenditures on Fund 231. If you have any questions regarding this item, please contact Aimee Arnold at [aarnold@uwsa.edu](mailto:aarnold@uwsa.edu) or 608-262-1544.

**GPR Budget Shifts:** While building your budget, keep in mind that shifts on to the GPR salary line may have to continue to meet the requirements of the Memorandum of Understanding with the Department of Administration. Increases on the salary line will require an increase to the fringe benefit line, for which a corresponding amount will be de-allocated from your supplies and services budget.

**Non-GPR Positions:** For all non-GPR funding sources, the System Budget Office will be comparing the number of positions in the budget submission to the number of filled positions in the January 2018 position reports. Budgeted positions should not be significantly higher than the January filled position control levels.

### **ADDITIONAL FORMS**

**Distribution of Undistributed:** The \$26 Million Base Reallocation and the two Unfunded Pay Plan Costs allocations were all built into the allocation system as "Undistributed", allowing institutions the greatest flexibility on how it will be built into the budget. The form for reporting

the actual distributions back to System Administration can be found on the UWSA website at: <https://www.wisconsin.edu/budget-planning/annual-operating-budget/#forms-and-templates> and is called “2018-19 Distribution of Undistributed Template”. The fringe benefit rates that can be used for these distributions are included in the forms.

These allocations were made on funds 101-106. If your institution would like to take a portion of the reduction amount off of another fund (excluding 109) within the block grant, please cut and paste a copy of the original template to show the distribution on additional funds. If you would like the System Budget Office to build the cuts in by program and major class in order to ease the reconciliation process prior to budget your submission, please forward the forms to me and I will update the allocation system. Please submit a separate form for each of the allocations listed above.

**Budget and Balance Reporting Spreadsheet:** Each institution is asked to submit a Budget and Balance Reporting Spreadsheet by Friday, April 27<sup>th</sup>. The Budget and Balance Reporting spreadsheet was sent to the Chief Business Officer and Budget Director of each institution on February 21<sup>st</sup>. The information on this spreadsheet will be used to report estimated cash flow and fund balances through 2018-19 in the Annual Budget Document presented to the Board of Regents, as well as anticipated use of balances in the following fiscal year.

**Auxiliary Budget Submissions:** Institutional specific auxiliary budget templates will be sent to each institution’s auxiliary and budget director. Please use these templates when preparing your 2018-19 auxiliary budgets.

Also, please recall that all rate changes (both increases and decreases) will need to be provided to the Board of Regents.

Auxiliary budgets and narratives should be submitted via e-mail to Aimee Arnold ([aarnold@uwsa.edu](mailto:aarnold@uwsa.edu)) by your institution's budget submission due date.

**Timeline:** Budget materials for the Comprehensive institutions should be submitted by April 2<sup>nd</sup>, 2018. Budget materials for UW-Madison, UW-Milwaukee, UW Colleges, UW-Extension, System Administration, and Systemwide should be submitted by April 16<sup>th</sup>, 2018. **We ask that each institution have a staff member available for at least two full weeks after the budget submission to assist with budget checkout.**

Questions regarding compensation related issues should be directed to Jen Goytowski ([jgoytowski@uwsa.edu](mailto:jgoytowski@uwsa.edu)). Other general budget related questions can be sent to me at [gbuehler@uwsa.edu](mailto:gbuehler@uwsa.edu).

CC:            President Cross  
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                 Vice Chancellors/Provosts  
                 Vice President Nelson  
                 Vice President Cramer  
                 Senior Associate Vice President Gordon  
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