

**Budget & Planning**

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March 29, 2019

Via E-Mail Only

To: Chief Business Officers  
Budget Officers

From: Aimee Arnold  
UW System Administration Office of Budget and Planning

Re: 2019-20 Annual Budget Allocations and Guidelines - Revised

The 2019-20 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 2017-19 Biennial Budget and JCOER approved compensation adjustments. Items included in the initial allocations are:

- 2019-20 - FY20 Portion of 2% FA/AS/LI Pay Plan Effective January 1, 2019
- 2019-20 - FY20 Portion of 2% Grad Assist Pay Plan Effective January 1, 2019
- 2019-20 - FY20 Portion of 2% Univ Staff Pay Plan Effective January 1, 2019
- 2019-20 - FY20 Portion of 2% Senior Exec Pay Plan Effective January 1, 2019
- 2019-20 - Distribution of FY19 3.02% Senior Exec Pay Plan from System to Institutions
- 2019-20 - FY19 Pay Plan 4.04% Summer Session
- 2019-20 - FY20 Portion of Colleges 2% FA/AS/LI Pay Plan to Receiving Institutions
- 2019-20 - FY20 Portion of Colleges 2% Univ Staff Pay Plan to Receiving Institutions
- 2019-20 - Unfunded Pay Plan Costs for FY20 Portion of FY19 Pay Plan
- 2019-20 - Unfunded Pay Plan Costs for Summer Session
- 2018-19 - \$26.25 Million Outcomes Based Funding
- UW Colleges Transfers to Receiving Institution
- UW Colleges Transfers to Receiving Institution Tuition Reduction
- FY20 \$7 Million Utilities Reallocation
- 2019-20 Lawton and AOP Adjustments

**ALLOCATION INFORMATION**

**2019-20 – FY20 Portion of 2% Pay Plan for FA/AS/LI, Graduate Assistants, University Staff and Senior Execs Effective January 1, 2019:** These allocations provide funding for the 2019-20 portion of the 2% pay plan increases approved by JCOER, effective January 1, 2019. This allocation is based upon the October 2016 payroll.

**2019-20 – Distribution of FY19 3.02% Senior Execs Pay Plan from System to Institutions:** In FY19 (September 2018 and March 2019) dollars were transferred from System to institutions to provide funding for Senior Executives for the 2018-19 2% pay plan increase effective July 1, 2018 and also for the FY19 portion of the January 1, 2019 2% increase. While the funds were

distributed in 2018-19 they were not added to the 2018-19 annual budget. This item allocates these funds to the institutional base budgets in 2019-20.

**2019-20 – FY19 Pay Plan 4.04% Summer Session:** This allocation provides funding for the 4.04% pay plan increase needed to supplement summer session salaries during the summer of 2019. This allocation is based upon the October 2016 payroll.

**2019-20 – FY20 Portion of Colleges 2% FA/AS/LI and University Staff Pay Plan to Receiving Institutions:** This allocation provides funding to receiving institutions for Colleges' FY20 portion of the 2% pay plan effective January 1, 2019.

**2019-20 Unfunded Pay Plan Costs:** These items allocate reductions of \$3,821,627 (for pay plan effective January 1, 2019) and \$252,811 (for 4.04% Summer Session) to reflect the unfunded pay plan costs related to the fee share of compensation and the associated fringe benefit adjustments in 2019-20 due to the tuition freeze. The allocations have been distributed based on each institution's share of the UW System's pay plan allocation. 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 - \$26.25 Million Outcomes Based Funding:** In October, 2018 \$26.25 million was transferred on a one-time basis to the UW System institutions. These funds were distributed based on the outcomes based metrics developed by the Board of Regents and approved by the Joint Committee on Finance. While the funds were distributed in FY19 they were not added to the 2018-19 annual budget. This item allocates those funds to the institutional base budgets in 2019-20. This item has been allocated as "undistributed". Please see the section "Additional Forms" below regarding the process to allocate the undistributed funds.

**UW Colleges Transfers to Receiving Institutions:** These allocations provide receiving institutions with the GPR/Tuition funding per the funding crosswalks, excluding fringe benefits, as "undistributed". Campuses will not need to account for fringe benefits when building these amounts into their budgets and may build in the number of FTE they will require. Detailed schedules will be sent to each campus showing how the allocations were calculated. A separate Distribution of Undistributed template will be sent to the Budget Officer at each receiving institution to report back how you would like the dollars allocated.

**UW Colleges Transfers to Receiving Institutions Tuition Reduction:** These allocations are the reduction amounts that have been included in the funding crosswalks to align budgeted tuition revenue to FY18 actual tuition revenue generated. These allocations are also "undistributed" and campuses may take a fringe benefit credit when reducing the salary line. A separate Distribution of Undistributed template will be sent to the Budget Officer at each receiving institution to report back how you would like the dollars deallocated.

**FY20 \$7 Million Utilities Reallocation:** In October, 2018 \$7 million was transferred on a one-time basis to the UW System institutions. These funds were distributed using the traditional GPR/Fee split. While the funds were distributed in FY19 they were not added to the 2018-19 annual budget. This item allocates those funds to the institutional base budgets in 2019-20. This item has been allocated as "undistributed". Please see the section "Additional Forms" below regarding the process to allocate the undistributed funds.

**2019-20 Lawton and AOP Adjustments** - The 2019-21 Biennial Budget recommendations do not provide for increases in funding for the Lawton Undergraduate Minority Retention Grant (Lawton), or the Advanced Opportunity Program (AOP). Therefore, aggregate funding for these programs remains unchanged. This allocation adjusts the Lawton funding based upon each institution's proportion of a three-year rolling average of Wisconsin resident undergraduates from eligible populations who are registered full-time. AOP funding is allocated based on each institution's proportion of a three-year rolling average headcount of graduate and professional minority students, with part-time students weighted 0.35.

AOP funding (403) is not affected by restructuring. However, the Lawton funding (406) does result in the allocation of funds to the receiving institutions. Base funding was provided as part of the UW Colleges transfers to the receiving institutions. This allocation adjusts the receiving institutions total 406 including the branch campuses. Details of the allocations, including the individual branch campuses can be found in the 2019-20 Financial Aid Allocations memo.

### **ADDITIONAL FORMS**

**Distribution of Undistributed:** The \$26.25 Million Outcomes Based Funding, 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 “2019-20 Distribution of Undistributed Template”. Please submit a separate form for each allocation. The fringe benefit rates that can be used for these distributions are included in the forms.

### **PAY PLAN INFORMATION FOR PROGRAM REVENUE FUNDS**

The 2017-19 Biennial Budget included funding for a 2% pay plan implemented on July 1, 2018 and an additional 2% pay plan implemented on January 1, 2019. Budgets for 2019-20 will need to include the second half of the 2% pay plan implemented on January 1, 2019.

Additionally, the Governor's budget includes a 2% pay plan in FY20, effective January 1, 2020, and an additional 2% in FY21, effective January 1, 2021. This equates to a 1% increase for the budget period of 2019-20. Program Revenue units should plan for the potential increase in their budgets as a lump sum. Once the biennial budget is final, we will have a phase 2 budget in order to distribute pay plan.

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

CC:            President Cross  
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