



Board of Regents 2003-05 Biennial Budget Request

August 22, 2002



The 2001-03 Budget Process

2001-03 Budget Bill

- \$40 million for ongoing resources
- Economic development, increased enrollment

2001-03 Budget Adjustment Bill

- \$108 million proposed reduction at low point
- UW System forced to put on the brakes



Final Budget Adjustment Bill

- \$44.2 million reduction for UW System
- Equivalent to state support for 6,000 students
- \$1,000 less in state support per student compared to national counterparts



How Was The Budget Balanced?

- \$830 million from tobacco settlement
- \$164.4 million of **NEW** spending
- \$189 million in direct spending cuts
- \$44.2 million of that from UW System
- UW System represents 9% of state budget but took 23% of direct cuts



UW System will Manage the Cuts without Reducing Enrollments in 2002-03 But....

Students will Feel the Impact:

- Fewer Faculty
- Larger Classes and Fewer Sections
- Less Advising and Student Services
- Less Instructional Technology
- Reduced Building Maintenance



Changing Landscape for 2003-05

- Large state budget deficits projected
- Federal funding for higher education lagging
- Endowments and private gift giving down
- Demand for university education **growing**



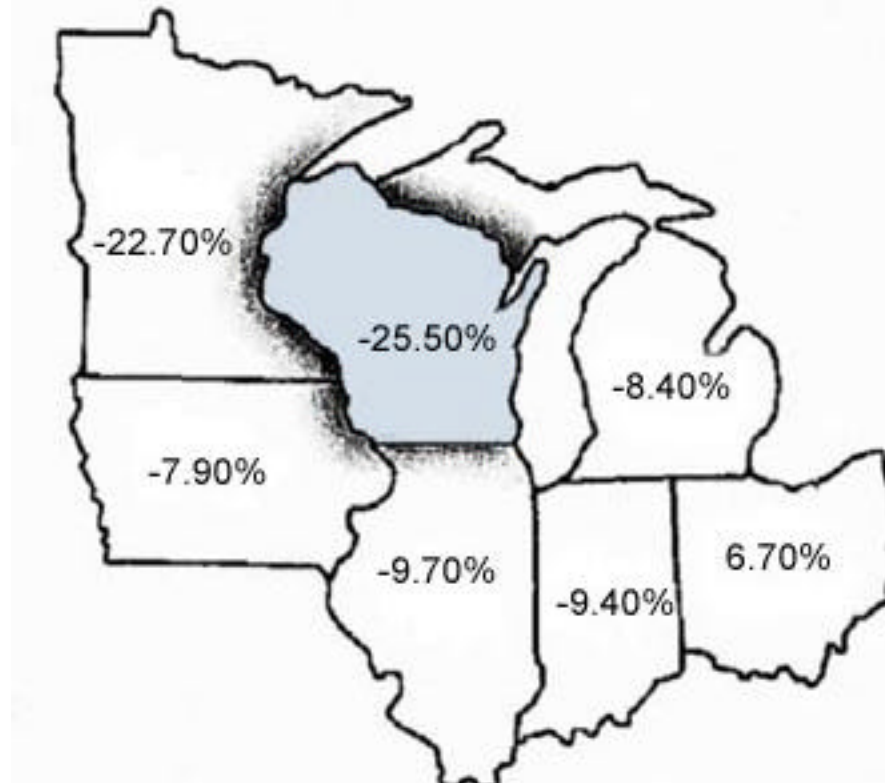
Diverging Trends in Support and Enrollment

	<u>1994-95</u>	<u>2001-02</u>	Change <u>1994-2002</u>
UW's % of State Budget:	10.91%	9.19%	-15.77%
GPR % of UW Budget:	33.7%	32.7%	-2.97%
Gap in State Support Per Student:	+104	-1,017 *	-\$1,121
Resident Undergrad Tuition (UW-Madison):	\$2,415	\$3,568	\$1,153
FTE Enrollments:	125,098	133,701	8,603
Number of Budgeted FTE Faculty:	7,142	6,643	-499
Student to Faculty Ratio:	17.5:1	20.1:1	
*projected			



Wisconsin Lags Midwest in Higher Education Support 1981-2001

State Higher Education Funding*



*AASCU State Issues Digest, 2002

Based on appropriations per \$1,000 of disposable personal income





A Future In Doubt

Lack of state funding, plus constraints, means

- Quality will suffer
- Cannot sustain statewide institution
- Hard pressed to maintain access



A Future In Doubt

STUDENTS MUST REMAIN OUR HIGHEST PRIORITY

- Our most important contribution to Wisconsin
- Represent greatest economic impact
- 1 million Wisconsinites have UW education



A Future In Doubt

We Can't Maintain Quality with Growing Enrollments and Declining Resources

- UW System budget cuts and lapses since 1993-94 total nearly \$100 million!



A Future In Doubt

**Future reductions must be
offset by tuition increases or
decreases in enrollment**



A Future In Doubt

Would more flexibilities help?

- Answer: It Depends ...
- Technical changes helpful but do not offset cuts
- Changes to raise more revenue would help
- Examples: Keep interest on tuition revenue, return full tuition authority to Board of Regents



Drain On UW System Resources

Shifted Costs & Reallocations in 2002-03: **\$57.6 Million**

Cost Shifts and Reallocations

• Elimination of DVR Funding for Disabled Students	\$162,000
• Unclassified Pay Plan Funding Shift	29,624,129
• Length of Service Payment	591,383
• Market Factor Payments	1,438,825
• Fringe Benefit (6 month Health Insurance)	2,675,897
• State Human Resource System (SHRS) and procurement charge backs for DOA Services	369,995
• IT Reallocations	16,079,307
• Payments to Municipalities	<u>6,655,562</u>
	\$57,597,098



A Future In Doubt

Continuing to be Efficient

- Lowest administrative costs in nation (5.8%)
- Serve 20,000 more students than peers
- Efficient to a fault?



A Future In Doubt

We Must Communicate Our Enrollment Policy

- Financial resources drive enrollments—and enrollments impact Wisconsin's economy.



A Future In Doubt

We Must Continue the Tradition of the Wisconsin Idea

- Address pressing state needs
- Collaborate with industry and public sector
- A third economic summit in October



Should Additional Resources Become Available

- Nursing/Health Care
- Teacher Education
- Economic Stimulus Programs (Phases 1&2)
- Libraries and Instructional Technology
- International Education



Meeting State Needs

Cora B. Marrett

Senior Vice President for Academic Affairs

University of Wisconsin System



Nursing/Health Care





Teaching





Libraries





Technology





International Dimension





UW System Operating Budget Request

Freda Harris

Acting Associate Vice President

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University of Wisconsin System



The Budget Before You

Contains five operating budget elements

- Standard budget adjustments
- Program revenue increases
- Requests to change Wisconsin Statutes
- Infrastructure and Quality Initiatives
- Performance Measures



The Budget Before You

THE OBVIOUS:

No increase in state funds for new initiatives

- State law requires budget request
- Not a problem in a normal year
- Budget still a “work in progress”



The Budget Before You

Standard Budget Adjustments

- Controlled by Department of Administration
- Include funding for pay plan increases authorized by Joint Committee on Employment Relations for 2001-03
- Include funding adjustments for known fringe benefit increases



The Budget Before You

Program Revenue Requests

- Gift/trust funds, segregated funding, federal grants/contracts, auxiliary operations, adjustments to tuition and fee appropriations
- No taxpayer dollars



The Budget Before You

An Interesting Fact ...

- Standard adjustments (up to \$20 million GPR/fees) would be leveraged by program revenue (up to \$150 million)
- Provides boost to state economy



The Budget Before You

Standard Budget Adjustment Items

- 1999-01 Delayed Pay Plan
- 1999-01 UW-Oshkosh Summer Session Increases
- 2001-03 Classified Pay Plan Increases @3.02%
- Full Funding of Classified Bargained Increases Above 3.02%
- Craftworker Increases over 3.5% in 2000-01 and 1% in 2001-02
- 2002-03 Unclassified Pay Plan Increases @1.0%
- 2000-01 and 2001-02 PRAs, DCA and Mandatory Increases
- Full Funding of Fringe Benefit Cost Increases



The Budget Before You

Standard Budget Adjustment Items (cont'd)

- Smith-Lever Pay Plan Increases
- Increases for Minority and Disadvantaged Financial Aid Programs
- Maintaining Services for Students with Disabilities
- Funding for Space Rental Increases
- Increases for Badgernet
- Full Funding of Chargeback Items
- Student Technology Fee Increases



The Budget Before You

Program Revenue Items

- Adjust Gift, Trust and Other Funds to 2002-03 Level
- Adjust Segregated Funds to 2002-03 Level
- Federal Funds Re-Estimates
- Full Funding of Unclassified Increases above 1%
- Adjust Academic Fees to 2002-03 Operating Level
- Projected Increases in Gift and Segregated Funds



The Budget Before You

Program Revenue Items (cont'd)

- Projected Increases in General Operating Receipts
- Auxiliary Enterprise Program Increases
- UW-Madison Intercollegiate Athletics Increases
- Student Technology Fee Increases
- UW System Aquaculture Facility Operating Increases



The Budget Before You

Statutory Language Request:

- Increase management efficiency
- Streamline daily operations
- Eliminate duplicative reporting requirements
- Eliminate cap on med school enrollments



The Budget Before You

Performance Measures for 2001-03 Biennium

- Access
- Retention
- Graduation Rate
- Contributions to Wisconsin Income



The Budget Before You

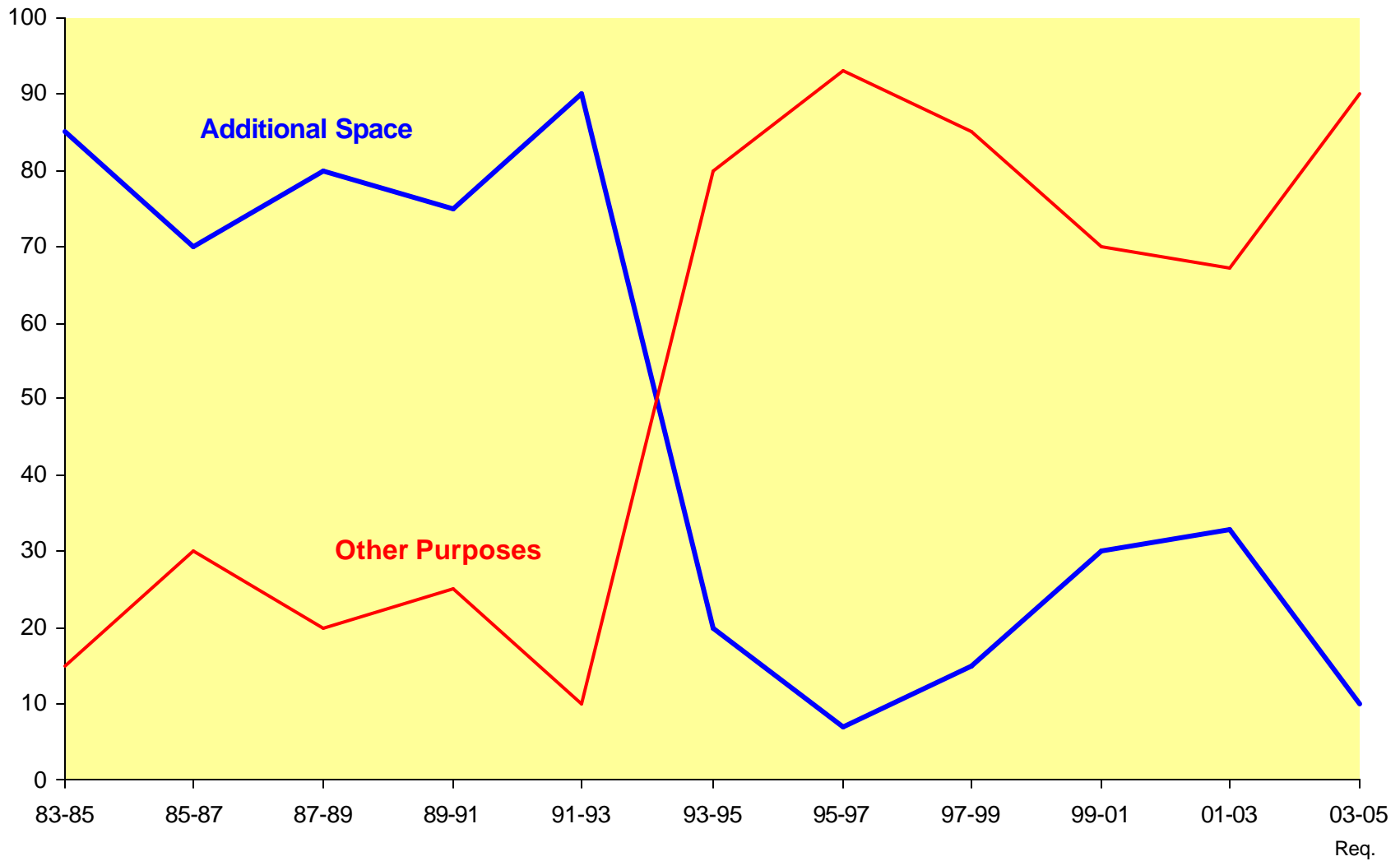
Proposed Performance Measures for 2003-05

- Enrollment (instead of access)
- Retention
- Graduation Rate
- Contributions to Wisconsin Income

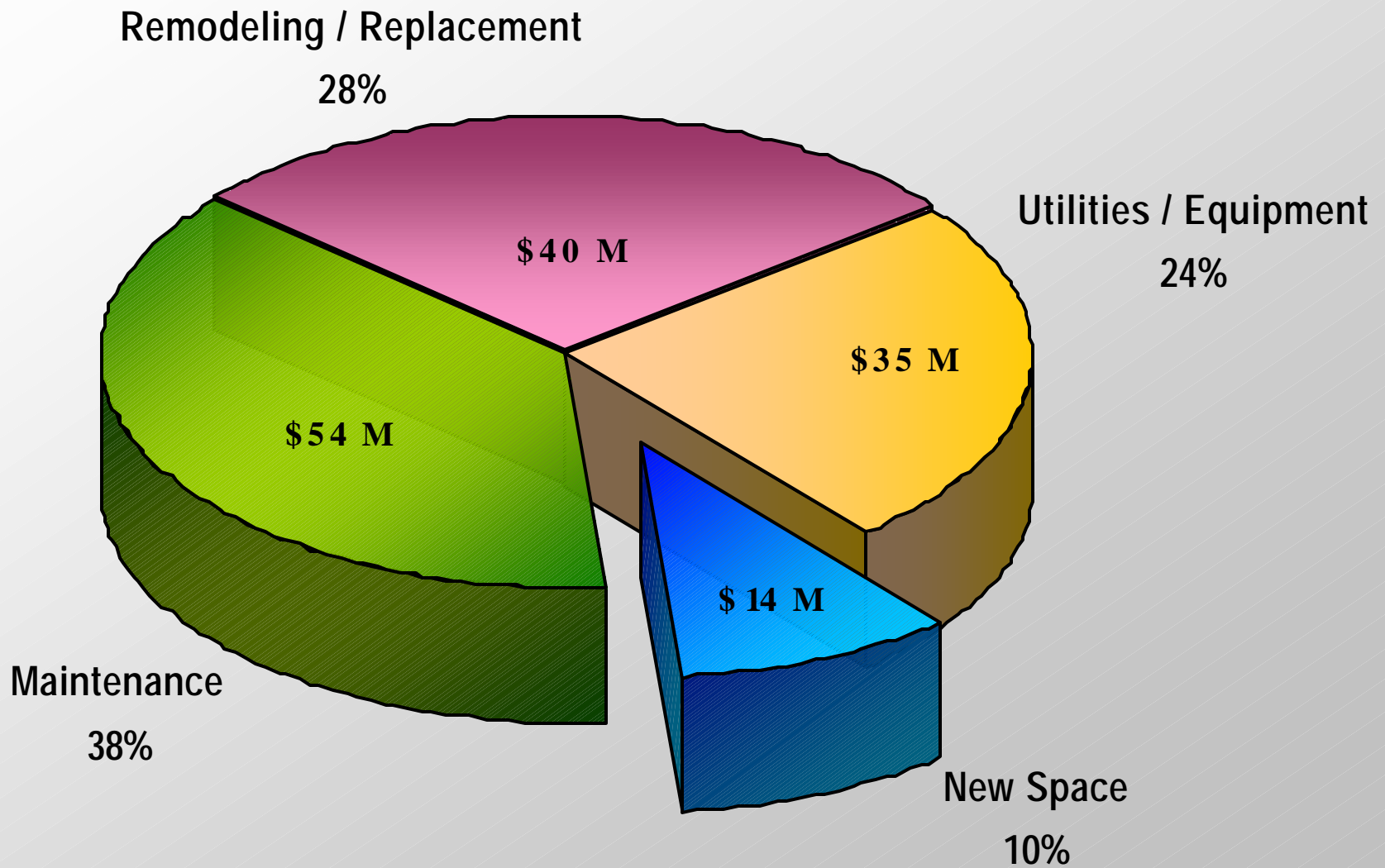


2003-05 Capital Budget Recommendations

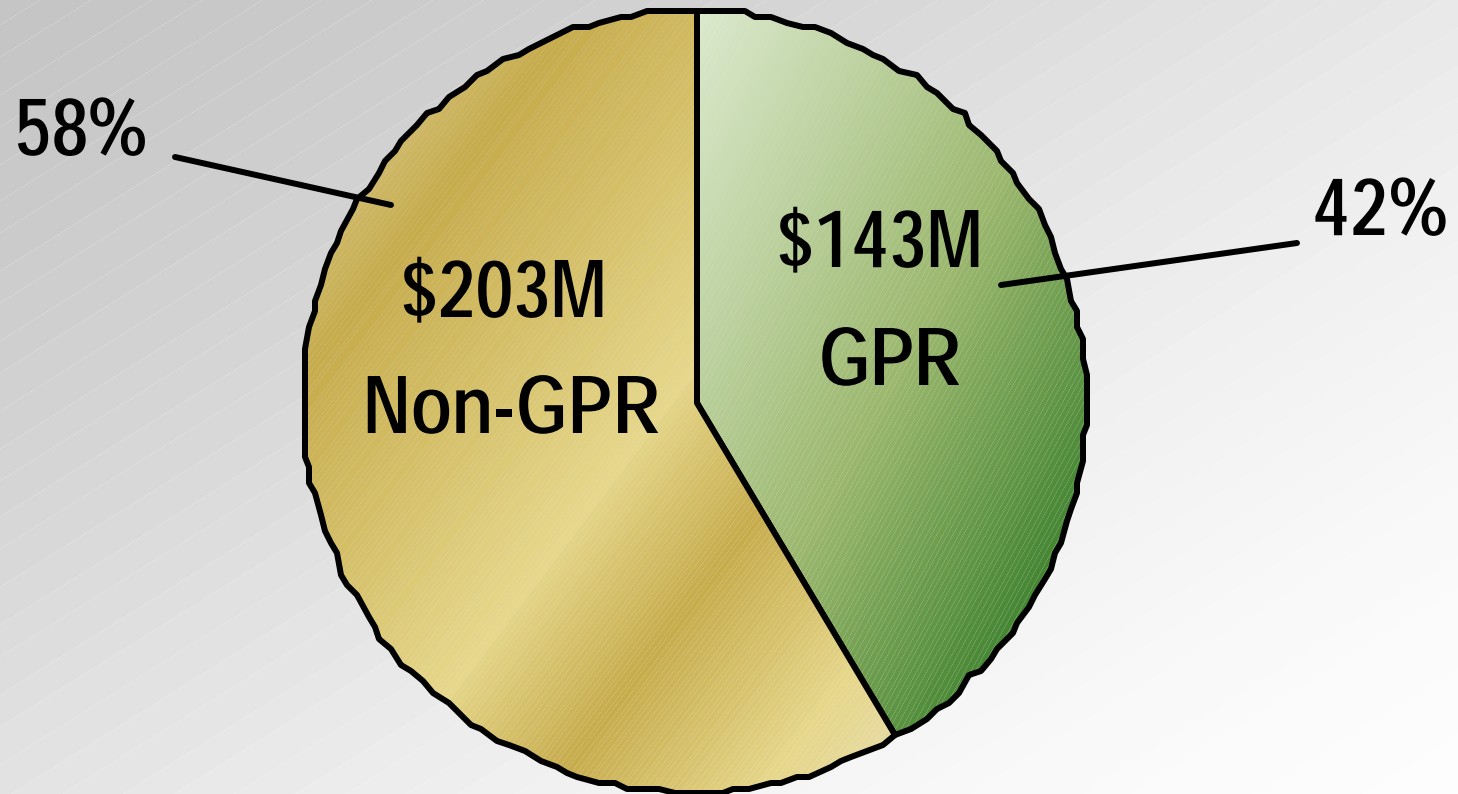
**UW System Capital Budget
Enumerated GPR Major Projects
Percent of GPR Funding for Additional Space vs. Other Purposes ***
(* Renovation, Replacement, Utilities & Equipment)



2003-05 GPR Major Project Funds Requested



Proposed Major Project Funding





2001-03 CARRYOVER GPR PROJECTS FOR 2003-05 Construction					
(In Priority Order)			GPR	NON-GPR	TOTAL
1	RVF	Dairy Learning Center - Phase II	\$3.8		\$3.8
2	STP	Fine Arts Center Remodeling & Addn - Increase	\$4.0		\$4.0
3	WTW	Upham Hall Renovation & Addition - Phase II	\$17.5		\$17.5
4	MSN	University Health Services/Student Activities Ctr	\$17.0	\$17.0	\$34.0
5	PLT	Karrmann Library Remodeling	\$3.8		\$3.8
6	MSN	Integrated Dairy Program - Phase II	\$4.8	\$3.4	\$8.2
		Total	\$50.9	\$20.4	\$71.3



NEW GPR PROJECTS FOR 2003-05 CONSTRUCTION (In Priority Order)			GPR	NON-GPR	TOTAL
7	SYS	Classroom Renovation/IT Improvements	\$15.0		\$15.0
8	COL/EXT	Colleges/Extension Equipment	\$5.8		\$5.8
9	SYS	Utility Improvements - Seven Campuses	\$29.2	\$1.9	\$31.1
10	SUP	Jim Dan Hill Library Renovation	\$6.8		\$6.8
11	GBY	Rose Hall & Wood Hall Remodeling	\$4.3		\$4.3
12	PLT	Ullsvik Center Remodeling - Phase I	\$8.0		\$8.0
13	PKS	Molinaro Hall Renovation - Phase I	\$2.6		\$2.6
14	OSH	Elmwood Commons Remodel for Student Support	\$5.4		\$5.4
15	EAU	Hibbard Hall Combined Media Lab	\$1.4		\$1.4
16	SYS	GLRF Remodeling for Freshwater Initiative	\$1.7	\$1.7	\$3.4
17	MSN	Biological Systems Engineering Lab	\$6.3	\$6.3	\$12.6
18	PKS	Student Union Expansion & Admissions Center	\$1.4	\$20.8	\$22.2
19	SUP	Wessman Arena Locker Room Addition	\$0.6	\$0.6	\$1.2
20	STO	Harvey Hall Theater Renovation	\$4.0		\$4.0
		Total	\$92.5	\$31.3	\$123.8



Non GPR Projects for Construction

Student Centers / Food Service		GIFTS/ GRANTS	PR	TOTAL
GBY	University Union Expansion & Renovation	\$0.5	\$8.3	\$8.8
OSH	Reeve Union Exterior Development & Plaza	\$1.0		\$1.0
PLT	Glenview Commons Remodeling		\$2.9	\$2.9
RVF	Student Center Building - Increase		\$8.2	\$8.2
STP	University Center Remodeling & Addn - Phase III		\$16.7	\$16.7
SUP	Rothwell Student Center - Phase I		\$7.5	\$7.5
WTW	Connor Univ Ctr Addition & Remodeling - Phase I		\$7.4	\$7.4
PLT	Glenview Commons Remodeling		\$2.9	\$2.9
STO	Hovlid Hall Remodeling & Addition		\$8.6	\$8.6

Housing / Parking		GIFTS/ GRANTS	PR	TOTAL
LAC	Residence Hall		\$33.2	\$33.2
STO	Residence Hall Replacement		\$5.6	\$5.6
MSN	Parking Ramps		\$20.0	\$20.0

Miscellaneous		GIFTS/ GRANTS	PR	TOTAL
EAU	Children's Center Building		\$1.8	\$1.8
EXT	Lowell Hall Improvements		\$1.1	\$1.1
MSN	Materials Distribution Services Facility Purchase		\$5.3	\$5.3
OSH	Student Recreation & Wellness Center Addition		\$16.2	\$16.2
OSH	Titan Stadium Expansion & Renovation		\$3.6	\$3.6
STO	Price Commons Addition Completion		\$0.5	\$0.5
WTW	Moraine Hall Remodeling		\$2.4	\$2.4



Non GPR Projects for Construction

Student Unions:

GBY, OSH, RVF, STP, SUP & WTW

Food Service:

PLT & STO

Housing:

LAC & STO

Parking:

LAC & MSN

Recreation:

OSH

Misc:

EAU, EXT, MSN, STO & WTW



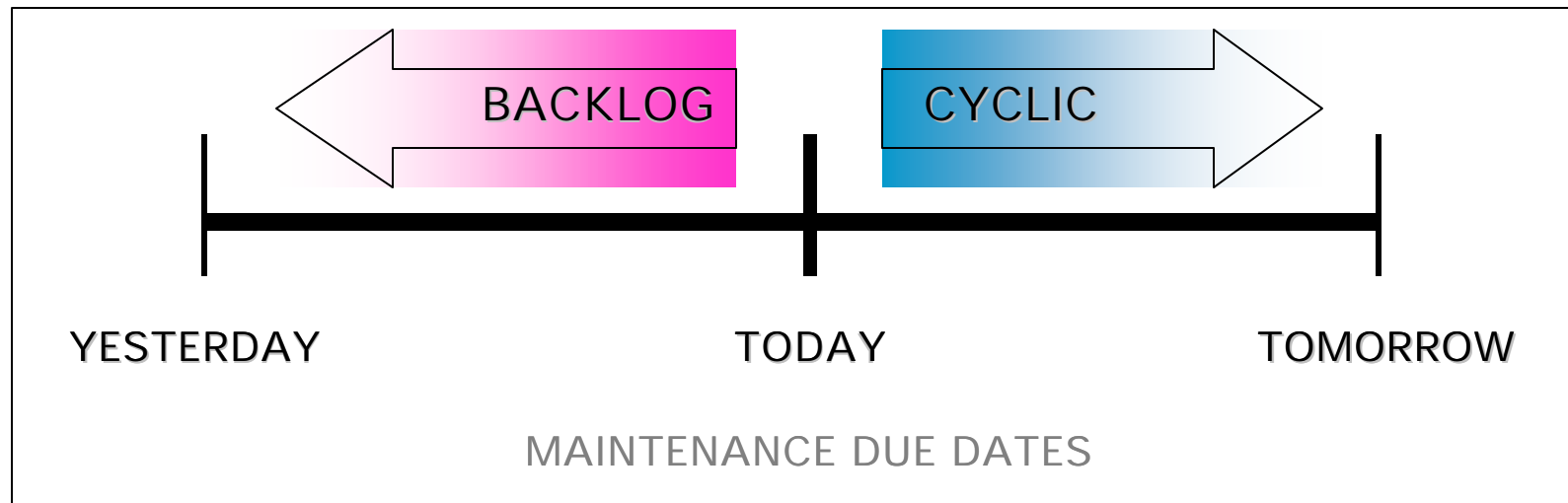
GPR Planning & Design Recommendations



2001-03 CARRYOVER PLANNING/DESIGN PROJECTS FOR 2003-05 Planning/Design (In Priority Order)		2005-07 Construction		TOTAL
STO	Jarvis Science Wing Renovation & Addition			\$39.9
RVF	Health & Human Performance/Recreation Building			\$34.5
MSN	Sterling Hall Renovation			\$33.9
WTW	Business & Economics Building			\$32.2
MIL	Golda Meir Library Tech Ctr Addn & Remodeling			\$29.0
GBY	Phoenix Sports Center Expansion & Renovation			\$24.8
MIL	Physics Bldg & Plaza Renov & Research Addn			\$25.6
PKS	Communication Arts Renovation & Addition			\$40.4
Total				\$260.3



All Agency Funds





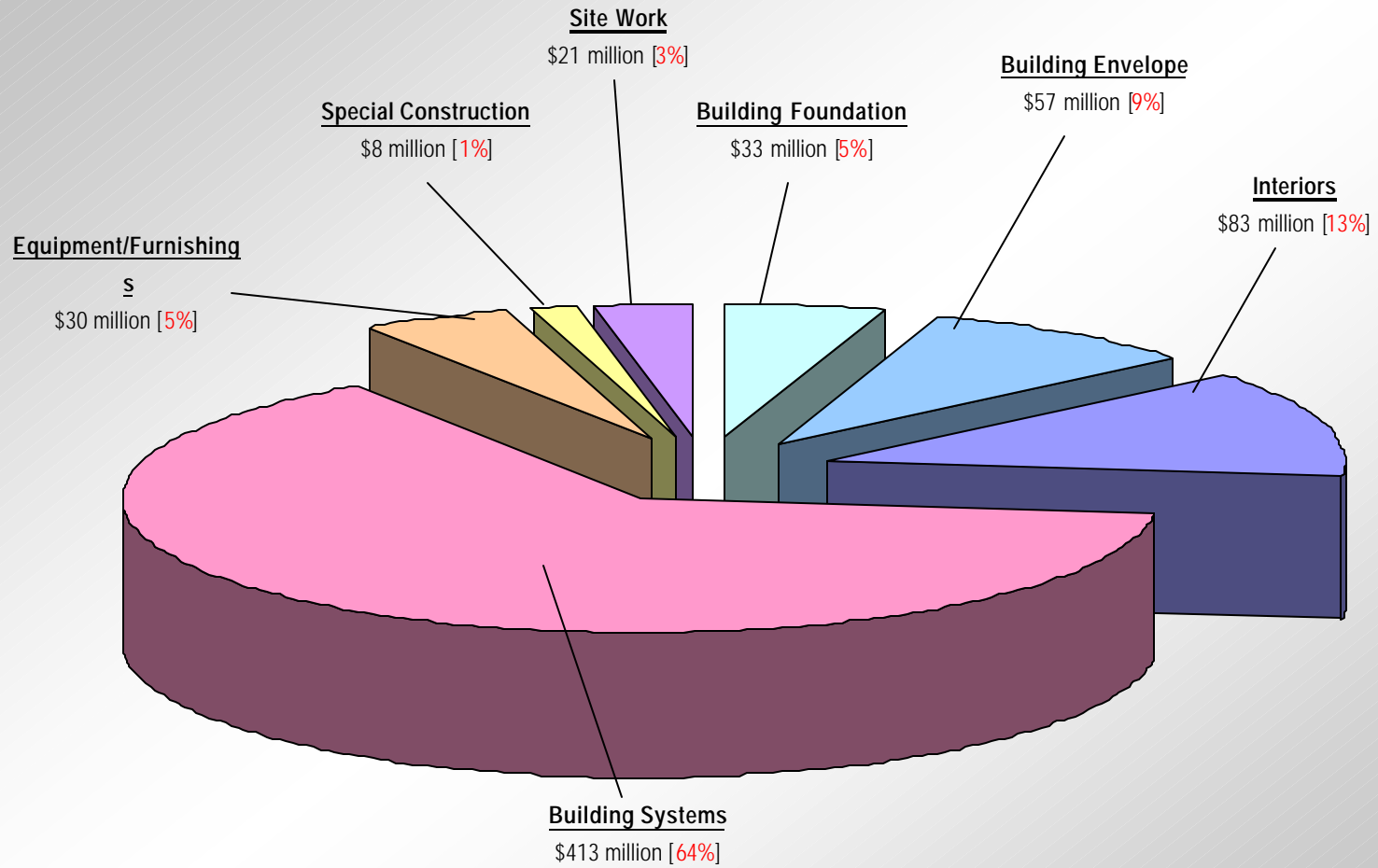
Maintenance Funding

\$30 M Existing GPR

\$170 M New GPR needed

(also \$54 M in major projects)

UW GPR Maintenance Backlog = \$645 million



Graph based on ~75% of data



Land Acquisition \$13 M

- MSN
- OSH
- STO
- SUP
- WTW
- SYS



Capital Budget in Summary ...

- Outlines highest priorities
- Represents 10% of needs
- Direct economic impact
- UW facilities are good investment



Recap of 2003-05 Budget Request

Proposed Action Today:

1. Approve 2003-05 budget proposal
2. Approve continued development of proposals to maintain quality, serve state
3. Approve 2003-05 capital budget request
4. Approve proposed changes to statutory language and performance measures



In Conclusion ...

- Nearing end of capacity to “make do” with fewer state resources
- Watershed moment
- Public higher education must be a priority for Wisconsin’s future

