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

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

*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 chargebacks for DOA Services: 369,995
- IT Reallocations: 16,079,307
- Payments to Municipalities: 6,655,562

Total: $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
Technology
International Dimension
UW System Operating
Budget Request

Freda Harris
Acting Associate Vice President
for Budget and Planning
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
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

- Remodeling / Replacement: $40 M (28%)
- Utilities / Equipment: $35 M (24%)
- Maintenance: $54 M (38%)
- New Space: $14 M (10%)
Proposed Major Project Funding

$203M Non-GPR

58%

$143M GPR

42%
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>2001-03 CARRYOVER GPR PROJECTS FOR 2003-05 Construction</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RVF</td>
<td>Dairy Learning Center - Phase II</td>
<td>$3.8</td>
<td>$3.8</td>
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<tr>
<td>2</td>
<td>STP</td>
<td>Fine Arts Center Remodeling &amp; Addn - Increase</td>
<td>$4.0</td>
<td>$4.0</td>
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<tr>
<td>3</td>
<td>WTW</td>
<td>Upham Hall Renovation &amp; Addition - Phase II</td>
<td>$17.5</td>
<td>$17.5</td>
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<tr>
<td>4</td>
<td>MSN</td>
<td>University Health Services/Student Activities Ctr</td>
<td>$17.0</td>
<td>$17.0</td>
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<tr>
<td>5</td>
<td>PLT</td>
<td>Karrmann Library Remodeling</td>
<td>$3.8</td>
<td>$3.8</td>
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<tr>
<td>6</td>
<td>MSN</td>
<td>Integrated Dairy Program - Phase II</td>
<td>$4.8</td>
<td>$3.4</td>
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<tr>
<td></td>
<td>Total</td>
<td></td>
<td>$50.9</td>
<td>$20.4</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>$71.3</strong></td>
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### NEW GPR PROJECTS FOR 2003-05 CONSTRUCTION
(In Priority Order)

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Department</th>
<th>Description</th>
<th>GPR</th>
<th>NON-GPR</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>7</td>
<td>SYS</td>
<td>Classroom Renovation/IT Improvements</td>
<td>$15.0</td>
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<tr>
<td>8</td>
<td>COL/EXT</td>
<td>Colleges/Extension Equipment</td>
<td>$5.8</td>
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<td>$5.8</td>
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<tr>
<td>9</td>
<td>SYS</td>
<td>Utility Improvements - Seven Campuses</td>
<td>$29.2</td>
<td>$1.9</td>
<td>$31.1</td>
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<tr>
<td>10</td>
<td>SUP</td>
<td>Jim Dan Hill Library Renovation</td>
<td>$6.8</td>
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<td>$6.8</td>
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<tr>
<td>11</td>
<td>GBY</td>
<td>Rose Hall &amp; Wood Hall Remodeling</td>
<td>$4.3</td>
<td></td>
<td>$4.3</td>
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<tr>
<td>12</td>
<td>PLT</td>
<td>Ullsvik Center Remodeling - Phase I</td>
<td>$8.0</td>
<td></td>
<td>$8.0</td>
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<tr>
<td>13</td>
<td>PKS</td>
<td>Molinaro Hall Renovation - Phase I</td>
<td>$2.6</td>
<td></td>
<td>$2.6</td>
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<tr>
<td>14</td>
<td>OSH</td>
<td>Elmwood Commons Remodel for Student Support</td>
<td>$5.4</td>
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<td>$5.4</td>
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<tr>
<td>15</td>
<td>EAU</td>
<td>Hibbard Hall Combined Media Lab</td>
<td>$1.4</td>
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<td>$1.4</td>
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<tr>
<td>16</td>
<td>SYS</td>
<td>GLRF Remodeling for Freshwater Initiative</td>
<td>$1.7</td>
<td>$1.7</td>
<td>$3.4</td>
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<tr>
<td>17</td>
<td>MSN</td>
<td>Biological Systems Engineering Lab</td>
<td>$6.3</td>
<td>$6.3</td>
<td>$12.6</td>
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<td>18</td>
<td>PKS</td>
<td>Student Union Expansion &amp; Admissions Center</td>
<td>$1.4</td>
<td>$20.8</td>
<td>$22.2</td>
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<td>19</td>
<td>SUP</td>
<td>Wessman Arena Locker Room Addition</td>
<td>$0.6</td>
<td>$0.6</td>
<td>$1.2</td>
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<tr>
<td>20</td>
<td>STO</td>
<td>Harvey Hall Theater Renovation</td>
<td>$4.0</td>
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<td>$4.0</td>
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<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$92.5</strong></td>
<td><strong>$31.3</strong></td>
<td><strong>$123.8</strong></td>
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</table>
Non GPR Projects for Construction

### Student Centers / Food Service

<table>
<thead>
<tr>
<th>Project</th>
<th>GIFTS/GRANTS</th>
<th>PR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>GBY University Union Expansion &amp; Renovation</td>
<td>$0.5</td>
<td>$8.3</td>
<td>$8.8</td>
</tr>
<tr>
<td>OSH Reeve Union Exterior Development &amp; Plaza</td>
<td>$1.0</td>
<td></td>
<td>$1.0</td>
</tr>
<tr>
<td>PLT Glenview Commons Remodeling</td>
<td>$2.9</td>
<td></td>
<td>$2.9</td>
</tr>
<tr>
<td>RVF Student Center Building - Increase</td>
<td>$8.2</td>
<td></td>
<td>$8.2</td>
</tr>
<tr>
<td>STP University Center Remodeling &amp; Addn - Phase III</td>
<td>$16.7</td>
<td></td>
<td>$16.7</td>
</tr>
<tr>
<td>SUP Rothwell Student Center - Phase I</td>
<td>$7.5</td>
<td></td>
<td>$7.5</td>
</tr>
<tr>
<td>WTV Connor Univ Ctr Addition &amp; Remodeling - Phase I</td>
<td>$7.4</td>
<td></td>
<td>$7.4</td>
</tr>
<tr>
<td>PLT Glenview Commons Remodeling</td>
<td>$2.9</td>
<td></td>
<td>$2.9</td>
</tr>
<tr>
<td>STO Hovlid Hall Remodeling &amp; Addition</td>
<td>$8.6</td>
<td></td>
<td>$8.6</td>
</tr>
</tbody>
</table>

### Housing / Parking

<table>
<thead>
<tr>
<th>Project</th>
<th>GIFTS/GRANTS</th>
<th>PR</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAC Residence Hall</td>
<td>$33.2</td>
<td></td>
<td>$33.2</td>
</tr>
<tr>
<td>STO Residence Hall Replacement</td>
<td>$5.6</td>
<td></td>
<td>$5.6</td>
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<tr>
<td>MSN Parking Ramps</td>
<td>$20.0</td>
<td></td>
<td>$20.0</td>
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</table>

### Miscellaneous

<table>
<thead>
<tr>
<th>Project</th>
<th>GIFTS/GRANTS</th>
<th>PR</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>EAU Children's Center Building</td>
<td>$1.8</td>
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<td>$1.8</td>
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<tr>
<td>EXT Lowell Hall Improvements</td>
<td>$1.1</td>
<td></td>
<td>$1.1</td>
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<tr>
<td>MSN Materials Distribution Services Facility Purchase</td>
<td>$5.3</td>
<td></td>
<td>$5.3</td>
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<tr>
<td>OSH Student Recreation &amp; Wellness Center Addition</td>
<td>$16.2</td>
<td></td>
<td>$16.2</td>
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<tr>
<td>OSH Titan Stadium Expansion &amp; Renovation</td>
<td>$3.6</td>
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<td>$3.6</td>
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<tr>
<td>STO Price Commons Addition Completion</td>
<td>$0.5</td>
<td></td>
<td>$0.5</td>
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<tr>
<td>WTW Moraine Hall Remodeling</td>
<td>$2.4</td>
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<td>$2.4</td>
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</tbody>
</table>
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)

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Description</th>
<th>2005-07 Construction</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>STO</td>
<td>Jarvis Science Wing Renovation &amp; Addition</td>
<td>$39.9</td>
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</tr>
<tr>
<td>RVF</td>
<td>Health &amp; Human Performance/Recreation Building</td>
<td>$34.5</td>
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</tr>
<tr>
<td>MSN</td>
<td>Sterling Hall Renovation</td>
<td>$33.9</td>
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<tr>
<td>WTW</td>
<td>Business &amp; Economics Building</td>
<td>$32.2</td>
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<tr>
<td>MIL</td>
<td>Golda Meir Library Tech Ctr Addn &amp; Remodeling</td>
<td>$29.0</td>
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<tr>
<td>GBY</td>
<td>Phoenix Sports Center Expansion &amp; Renovation</td>
<td>$24.8</td>
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<tr>
<td>MIL</td>
<td>Physics Bldg &amp; Plaza Renov &amp; Research Addn</td>
<td>$25.6</td>
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<tr>
<td>PKS</td>
<td>Communication Arts Renovation &amp; Addition</td>
<td>$40.4</td>
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<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
<td><strong>$260.3</strong></td>
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</tr>
</tbody>
</table>
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

- Building Systems: $413 million [64%]
- Interiors: $83 million [13%]
- Building Foundation: $33 million [5%]
- Equipment/Furnishing: $30 million [5%]
- Site Work: $21 million [3%]
- Special Construction: $8 million [1%]
- Building Envelope: $57 million [9%]
- Site Work: $21 million [3%]

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